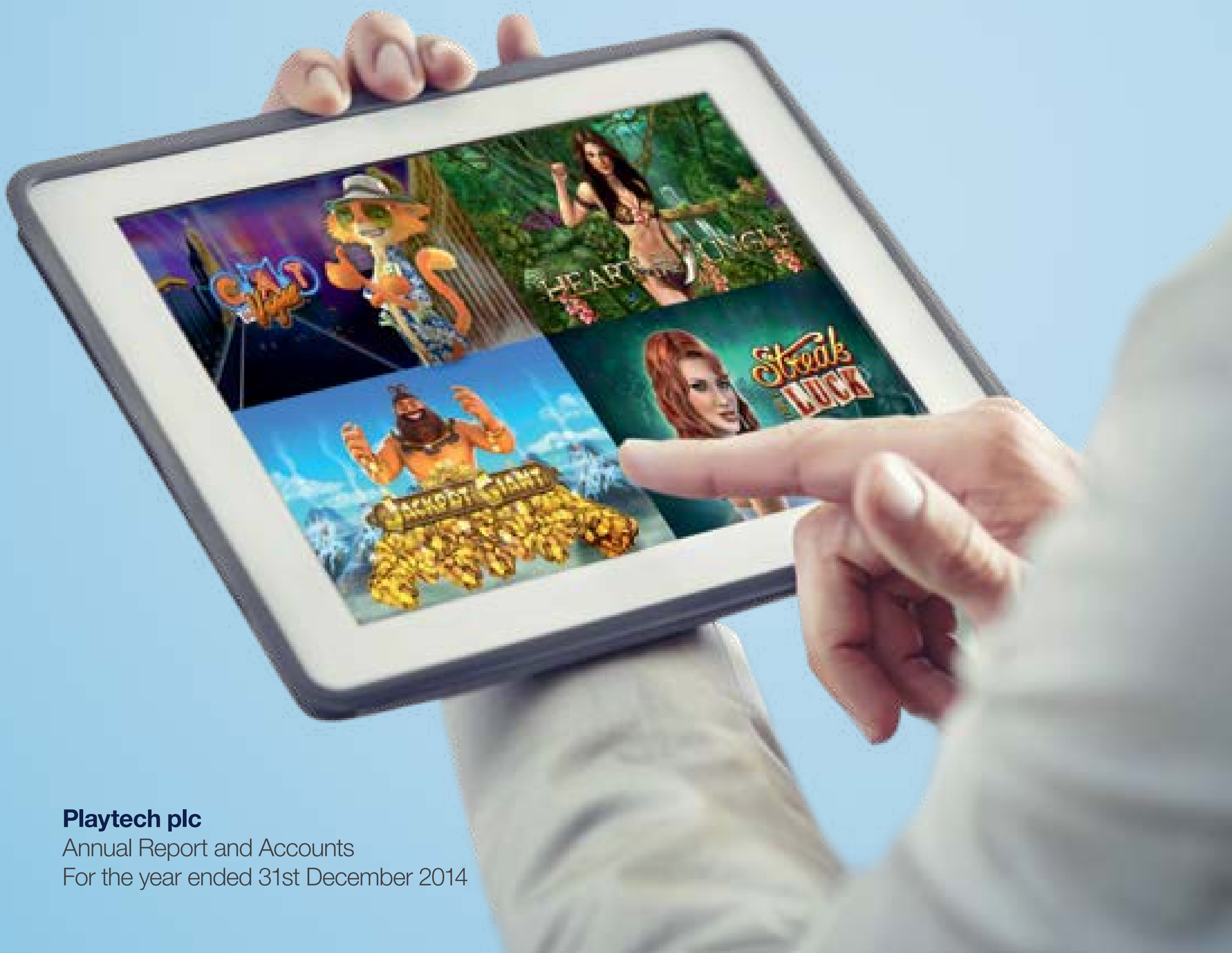
playtech
SOURCE OF SUCCESS

Technology driven...

Diversified...

Growing...



Playtech plc
Annual Report and Accounts
For the year ended 31st December 2014

Playtech is the world's largest online gambling software and services supplier. Traded on the London Stock Exchange, offering cutting-edge, value-added solutions to the industry's leading operators. Playtech's approach has been centred on the continual development of best-of-breed gambling products, content and services, built upon strong partnerships with our licensees.

Playtech has the most comprehensive product suite in the market, fully integrated into a broad cross-platform offering; our state-of-the-art information management solution (IMS) enables players to gamble online, on mobile and on retail server-based gambling terminals through a single account and wallet.

The products, services and distribution channels offered establish Playtech as the ultimate one-stop shop for operators in regulated markets and its pioneering attitude toward regulating markets plays a key role in its continued success.

Playtech's licensees include established online operators, sportsbooks and entertainment brands looking to upgrade or diversify their offering, including bet365, Betfair, Caliente, Gala Coral, Ladbrokes, Paddy Power, Sisal, Sky, SNAI, Titan, William Hill and Winner.

Highlights of the year

Financial highlights

Revenue

€457.0m **2013:** €367.2m **+24%**

Adjusted EBITDA*

€207.1m **2013:** €159.4m **+30%**

Adjusted net profit attributable to owners of parent*

€190.8m **2013:** €148.3m **+29%**

Adjusted basic EPS*

65.0 € cents **2013:** 50.7 € cents **+28%**

Cash balances at year end

€692.3m **2013:** €527.4m

Total ordinary dividend per share**

26.4 € cents **2013:** 23.2 € cents

Operational highlights

- Completion of Ladbrokes' migration to Playtech's full product suite and IMS infrastructure
- Industry-first roll out of a unique, single log-in omni-channel solution to Coral betting shops
- Signed agreement with Holland Casino for the provision of casino, Live, bingo and poker ahead of forthcoming regulations in the Netherlands, following a competitive tender
- Structured agreements signed and launched with Caliente in Mexico and RCS Media in Italy, and a turnkey solution for Trinity Mirror in the UK
- Acquisition of Aristocrat Lotteries ("Aristocrat"), creating the world's largest VLT software business
- Acquired a 33.3% stake in BGO, gaining access to a game design studio enabling the creation of new content for Playtech's software platform

A number of significant launches including:

- Ladbrokes: Live; Spain and Belgium including sports; as well as Denmark
- Gala interactive in Sweden
- Mobile poker in France
- Innovative Live offerings for Skybet and RAY
- Launch of new BIT solution

- Post year end, acquired Yoyo Games Limited in line with the casual games strategy

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* Adjusted numbers are calculated after adding back certain non-cash charges, cash expenses related to professional costs on acquisitions, gains on sale of investments, share of profit from WHO in 2013, non-cash accrued interest in respect of the convertible bond and certain one-off charges (see reconciliation in the Financial Review starting on page 20).

** Final dividend of 17.5 € cents is subject to shareholder approval at the forthcoming annual general meeting.

About us

Playtech is technology

Playtech offers the only true end-to-end, omni-channel gambling software solution whereby players can access all products, in all formats, on all platforms, across all channels, integrating retail, web and mobile channels for the first time in the industry. Such players are proven to spend over two times more than other online players.

driven...

Playtech's global team of developers are rapidly able to identify and adapt our software and content to any device including new and emerging wearable technology such as the new range of smart watches that we have enabled to include our mobile sports betting product.

Playtech offers unique, cutting-edge, data-driven technology to take gambling to the next level

Playtech is a highly innovative supplier and has developed next generation Business Intelligence Technology (BIT) for its forward-thinking licensees. Harnessing the power of data, Playtech's highly sophisticated BIT package allows operators to immediately differentiate and optimise their offerings, personalise the user experience and significantly boost their acquisition and retention rates and overall revenues – all via automated processes in real-time.

CORAL

Number of customers signed up to *Coral Connect* in 2014

160,000

Players are over twice as valuable and cheaper to recruit.

Playtech is diversified...

Playtech has the most comprehensive product suite in the market offered through all distribution channels to its more than 120 licensees, including many of the world's most successful blue-chip online operators.

Expanding our global footprint

Playtech supports its licensees and is able to expand as they diversify their businesses geographically, for example supporting Ladbrokes as it moved to Spain, Belgium and Denmark. As markets regulate, there are further opportunities for Playtech to sign up local operators as they seek to move their businesses online, as it did with Holland Casino in 2014.

Increasing licensee product penetration

Playtech does not supply all of its licensees with every product vertical. There are substantial opportunities therefore to increase the number of products each licensee takes. Progress was made during the year, for example launching Live casino offerings for Skybet and RAY.

Revenue by geography

Playtech is growing...

The global online gambling market is estimated* to have grown at a compound 8.6% per year over the past five years. Over that same timeframe, Playtech's revenues have increased at a compound annual growth rate of 31.8%.

* Source: H2 Gambling Capital. 2009: €20.1 billion; 2014: €30.4 billion.

Increasing our share of the market

During 2014, Playtech achieved organic revenue growth of 20% plus a further 4% derived from acquisitions. Playtech's growth is achieved through the provision of an expanding portfolio of market-leading software and innovative new technology that continue to drive its licensees' operations. This is bolstered by the ability to sign up additional new licensees and to cross-sell existing licensees with additional product or to support them in new markets.

Uniquely Playtech can offer as a turnkey solution or as part of a structured agreement or joint venture, value-creating services including affiliate management, media buying, CRM, VIP management and other operational services, all designed to leverage the market-leading tools delivered by Playtech's IMS platform.

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

Revenue growth rate between 2009–2014

31.8% five-year CAGR

Revenue derived from Playtech's mobile channel increased 64% in 2014, yet it remains immature with significant opportunity for future growth.

Competitive landscape

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

Playtech enjoys significant scale advantages by being able to leverage operating and development costs of more than 120 licensees, including the top 10 European and UK online gambling operators. The Company's strategy is to offer all product verticals via all distribution channels on an integrated platform that offers a single wallet and sign-on. Playtech is also the only supplier that can offer sophisticated marketing and operational services to drive player acquisition and retention via a modular range of flexible approaches from a full turnkey solution to equity joint ventures or structured agreements. This enables operators to offer their players a true omni-channel approach across land-based/digital/mobile channels, providing the ultimate player experience.

There are only a limited number of other B2B software suppliers that offer a platform solution. These include Microgaming, GameAccount and Gtech G2, none of which have the breadth or depth of Playtech's offering.

Most B2B software suppliers offer content across a limited number of product verticals, including Openbet, Net Entertainment, Blueprint Gaming, NextGen Gaming, Konami, Ainsworth and Evolution Gaming.

Recognising that the majority of Playtech's licensees have migrated to Playtech from another supplier, Playtech enables third parties to supply game content through its GTS and VF open platforms, thus allowing operators to continue to offer their most popular games and derive the benefits of Playtech's IMS platform.

Consolidation

For a number of years there has been consolidation amongst suppliers as older technology is bought up and companies merge for strategic or tactical reasons. 2014 saw unprecedented levels of corporate activity including the purchase of the Rational Group by Amaya, GTech acquiring IGT, Scientific Games acquiring Bally Technologies. In 2014 Playtech acquired Unilogic, Psiclone and the Aristocrat Lottery business. Management is considering further corporate activity.

Barriers to entry

Scale

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

Technology

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

Experience

As Playtech's scale has increased over the 15 years since its incorporation, its knowledge, expertise and offering in all markets have enabled operators to grow their businesses and to diversify into new markets more quickly.

Liquidity

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

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

Trends

Mobile

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

Playtech launched its mobile sport offering in 2012, and it rapidly grew to become market leader in the UK, Europe and many other markets.

Also in 2012, Playtech launched the Mobile Hub, a customisable open framework designed to integrate content and provide players with a seamless user experience on mobile devices. Players get access to the operator's full offering on their smartphones or tablets through a branded and unified interface. It can also be managed via a centralised management system.

With over 350 mobile developers, Playtech is at the forefront of mobile development. In 2014, only 11% of revenue was generated by mobile, presenting a major future growth opportunity.

It is forecast that mobile interactive gambling will grow at 38.7% in 2015, with four-year CAGR forecast to be 24.7%.

Convergence of online and land-based

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

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

Playtech has focused much of its recent development efforts on ensuring that it is able to deliver functionality, player management and content across the full range of distribution channels, and to capitalise on this trend of convergence. It has proactively developed the most sophisticated of server-based gaming systems; unique capabilities in TV and broadcast; and cutting-edge mobile and online products. All managed by a single operator platform with a single player wallet across all formats.

The gaming industry is undergoing fundamental and structural change and Playtech is determined to remain a market leader in providing technology and services to the broadest range of participants with a focus on regulated business.

Chairman's Statement

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

Alan Jackson, Chairman

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

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

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

Governance

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

Dividend

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

Subject to shareholder approval of the final dividend at the annual general meeting, to be held on 20 May 2015, the dividend will be payable on 5 June 2015 to those shareholders on the Company's register as at the record date of 8 May 2015. The ex-dividend date is 7 May 2015.

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

Outlook

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

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

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

Alan Jackson
Chairman
26 February 2015

Chief Executive's Review

"the Group introduced and deployed a true omni-channel solution, all products, in all formats, on all platforms, across all channels, integrating retail, web and mobile channels for the first time in the industry."

Mor Weizer, Chief Executive Officer

Overview

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

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

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

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

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

Regulated markets

Playtech continued to improve future regulated markets revenue, starting the year by signing Holland Casino in preparation for regulation of the Dutch market. In addition, the Group completed the migration of Ladbrokes onto its platform, whilst also expanding Ladbrokes into Spain, Belgium and Denmark. bet365 extended its activities with Playtech in Italy; the Group launched Skybet with casino and Live; and also provided Live to RAY. Additionally, Playtech signed a turnkey solution agreement with Trinity Mirror and significant structured agreements with Caliente and RCS Media for the Mexican and Italian markets respectively.

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

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

Chief Executive's Review continued

Strategic update

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

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

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

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

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

Casino

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

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

Services

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

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

Experience shows that the largest operators in regulated markets or soon-to-be regulated markets look for a strategic partner that can supply the technology, marketing expertise and sophisticated CRM solutions, combined with advanced player management tools, which are of particular interest to new market entrants requiring a full turnkey solution as well as to existing operators wanting to boost their online gambling operations. In 2014 two new structured agreements incorporating significant services elements were signed with Caliente in Mexico, RCS Media in Italy and a turnkey solution for Trinity Mirror in the UK. Further such agreements are expected.

Sport

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

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

Bingo

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

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

Land-based

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

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

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

Poker

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

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

Mobile

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

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

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

Casual and social

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

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

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

People

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

Trading update

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

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

Mor Weizer
Chief Executive Officer

26 February 2015

Business model

Our business model is centred on the continual development of market-leading gambling products and content. These, together with a broad range of ancillary services, are provided to a diverse range of operators across both locally regulated markets and globally, through a variety of distribution channels.

We continue to develop our three highly complementary business channels products and distribution channels; turnkey solutions; and structured agreements and joint ventures, supported by organic growth and targeted acquisitions.

Products and distribution channels

Playtech has industry-leading content and player networks combined with unique cross-platform capabilities.

Playtech offers a full suite of gambling products, including casino, sports, bingo, poker, Videobet and lottery, virtual sports, binary options and social games.

All products are available across multiple distribution channels including web, mobile and land-based.

Structured agreements and joint ventures

We work with partners who are looking to develop a market-leading online offering, supported by highly experienced marketing and player management capabilities. Partners recognise the benefits of Playtech's expertise when they are competing against established international businesses transitioning from being offshore dot.com operators to local market participants. Partnerships may be by structured agreement or equity joint venture.

Turnkey solutions

PTTS delivers services that offer material value and expertise to its licensees across the key elements of player acquisition and retention, together with the opportunity to realise substantial cost efficiencies through the outsourcing of certain operational activities that benefit from economies of scale, including customer support, hosting, fraud prevention.

Our marketplace

Online gambling development

The online gambling market developed in the mid-1990s, initially with online casinos and then with the launch of online poker in 1998. In 2014 the total online gambling market, defined by H2 Gambling Capital to include casino, poker, bingo, sports betting, skill based gaming and lotteries, was estimated as having gross gambling revenues ("GGR") of approximately €30.4 billion (2013: €27.4 billion), an increase of 11.2%. This represents an estimated 8.6% (2013: 8.0%) of the overall gambling market.

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

Market

Data from H2 Gambling Capital show that in 2013 the largest online market by player location was the United Kingdom, which accounted for just over 15% of the overall interactive market. China and Japan follow with approximately 11% each and the US at 8%. Since the passing in 2006 of the Unlawful Internet Gambling Enforcement Act ("UIGEA") that outlawed online gaming in the US, the main focus of larger operators has been on Europe and Asia, and in particular on the growing number of markets where legislation allows various forms of online gaming on a locally regulated basis.

Of the total global online market, Europe is estimated by H2 Gambling Capital to be the largest segment, comprising approximately 48% of the overall market, with the UK accounting for approximately one-third of European GGR. The global market is expected to grow by approximately 9% per year over the next four years, driven mainly by sport, which accounts for approximately 46% of the overall market. Casino is the next largest component of online gambling at about 21%, and lotteries, which account for around 11% of the market are forecast to grow at more than 12% over this period. The fastest growing regions over the next four years are expected to be Latin America and the Caribbean, and North America, assuming the latter introduces legislation to permit online gambling.

Since the closure of the French market in 2010 ahead of regulation, the overall online market has enjoyed compound annual growth of 9.4% over the last three years. Over the same period Playtech has enjoyed a compound growth in revenue of 30.1%, driven mainly by the underlying growth of the business, penetration into new markets, new licensees, new products, an increase in mobile penetration and acquisitions.

Market share

Excluding sports, lotteries and skill-based gaming, given Playtech's current limited penetration in these product verticals, in 2014 the online market in which Playtech competes is estimated to be worth approximately €11.1 billion (2013: €10.4 billion). Therefore, assuming a weighted average royalty rate of 13%, Playtech's share of the global online casino, bingo and poker B2B market was estimated to be 19% (2013: 17%). Assuming the same royalty rate, Playtech's approximate share of the global casino market was 29% (2013: 25%), share of the total bingo market 8% (2013: 9%), and share of the total poker market 4% (2013: 4%).

Regulation

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

Once regulated, some former dot.com operators will take a licence and local operators are attracted into the market. These can include licensed betting operators, lotteries, and local casino groups who were historically unwilling to operate online. Over time, media groups may enter the market, attracted by their retained audience and lower cost of player acquisition. Following regulation, the introduction of taxes and increased competition, operators' financial margins may be lower.

This last factor may be mitigated by the ability to advertise more freely across a broad range of media formats, such as television, print media and online, raising awareness of online gambling as a leisure activity and increase potential player awareness, which is also underpinned by a perceived safer player environment. It is the combination of these factors that have led to growth in players and revenues in regulated markets such as the UK, Italy and Spain. For Playtech with its unique, comprehensive, multi-channel offering, the opportunities across a range of newly regulated and soon-to-be regulated markets are substantial as a broad range of providers look to participate. The implementation of regulation is expected to remain a key focus for market participants and an important driver of online gambling revenue growth over the next few years. As markets move from a dot.com to a regulated regime, there are expected to be notable opportunities together with some uncertainties through the transition period.

For the majority of 2014, the UK was a regulated offshore market i.e. regulated without levying online gambling tax, and therefore participants could enjoy some of the highest operating margins and the associated valuation metrics, but this position changed with the introduction of a new licensing and tax regime in late 2014. Playtech is an active provider to the UK market, spending the necessary R&D to remain the market leader, leveraging its investment by targeting other international markets, creating opportunities for revenue growth.

Markets that have or are planning to regulate in the near future, such as the Netherlands, Sweden, Switzerland and South Africa, where land-based casinos generally dominate the market, represent a significant opportunity for Playtech as the size of the player market increases due to improved accessibility. Other factors such as increased marketing by licensees, new entrants to the market, and new marketing channels, add to the potential growth of newly regulating markets. Playtech has been able to sign new licensees or joint ventures in respect of certain markets in advance of regulation.

Markets, which are illegal and then become regulated, represent a significant incremental opportunity as revenue increases from a zero base. Markets such as the US and Turkey may eventually fall into this category.

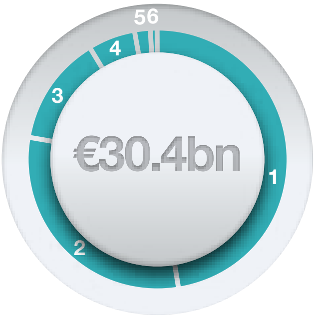
Some markets are too small and/or not economically viable, and Playtech assesses each jurisdiction before entering into a new licensee agreement or extending existing licensee agreements into that jurisdiction to ensure that they are economically viable, earnings accretive and have an acceptable return on investment.

Playtech chose not to enter New Jersey, with initial forecasts of market size being substantially larger than revenues actually recorded. Growth since the regulation of New Jersey is generally accepted to have been disappointing.

Over recent years there has been considerable momentum in countries regulating or looking to become regulated for online gambling. By 2018, H2 Gambling Capital forecasts that 50% (31 December 2013: 41%) of GGR will be regulated, with the US being a major driver of this change as the proportion of regulated revenue derived from North American revenue grows from 23% in 2014 to 60% in 2018.

Countries which are yet to regulate have the advantage of being able to use the experience of other countries that have already undergone regulation, which will mean economically viable tax rates and pragmatic regulation. At 31 December 2014, there were 20 countries and three US States that were regulated for some form of online gambling.

Global online gambling market 2014



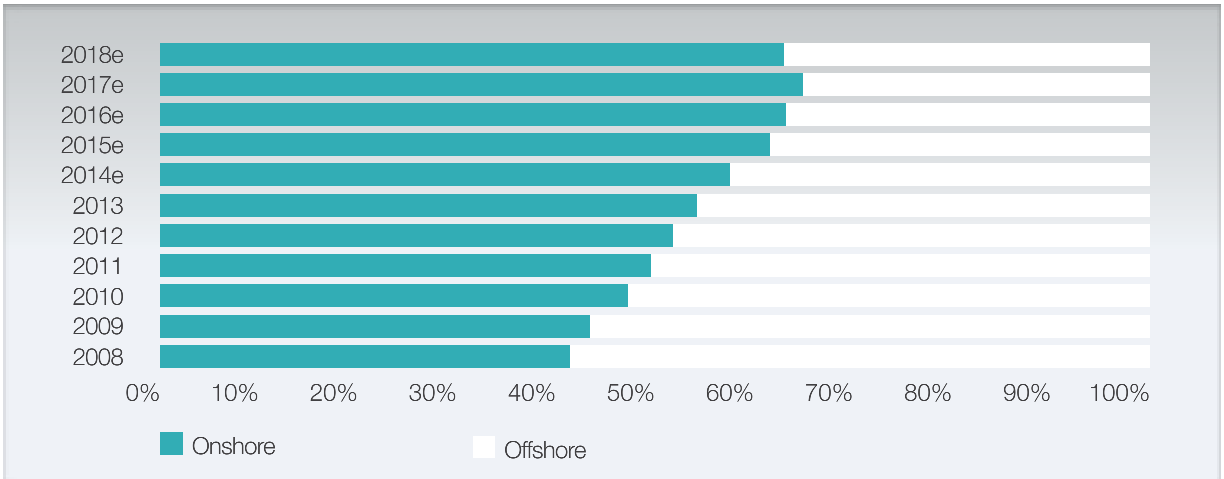
1 Europe 47.7%
2 Asia/Middle East 30.3%
3 North America 13.4%
4 Oceania 6.0%
5 Latin America/ Caribbean 1.9%
6 Africa 0.7%

Global market by product vertical

Global online gambling market by product vertical FY14

1 Sports Betting 47.1%
2 Casino 21.2%
3 Lotteries 10.5%
4 Poker 9.6%
5 Bingo 5.8%
6 Skill 5.8%

Onshore versus offshore gambling



Source: H2 Gambling Capital

Our strategy

Playtech's strategy of organic development, new business, targeted acquisitions, strategic agreements and joint ventures has enabled it to maximise opportunities created by the significant changes afoot in the online gambling industry.
The industry is moving towards locally regulated markets as governments see the implementation of gambling taxes and the sale of regulatory licenses as significant revenue streams. Land-based and digital channels are converging as regulatory authorities issue gambling licenses to land-based operators for both traditional and online offerings. Through being able to offer a full turnkey solution, Playtech is able to partner with established operators and new entrants to take advantage of these opportunities.

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

Our progress against our strategic objectives in 2014

1.
Support organic growth

In 2014, Playtech's licensees achieved organic growth of 20%, exceeding the growth of the underlying global market. The breadth and depth of Playtech's offering enables Playtech's licensees to run some of the most successful online gambling businesses.

Organic growth
20%

See page 20 for more detail

2.
Cross-sell products and services

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

See page 20 for more detail

4.

Enhance the Company's leading position; increase product, service and distribution capability

See page 20 for more detail

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

2014: **36%**

2013: **35%**

5.

Improve quality of earnings through greater regulated market penetration

Playtech is focused on growing its presence in regulated markets, increasing the proportion of regulated revenue to 36% in 2014 (2013: 35%). Future regulation will provide an opportunity to increase this proportion further and the Group continues to work on progressing in regulated markets – such as our recent agreements with Caliente, RCS Media, Skybet and Trinity Mirror.

See page 20 for more detail

3.

Attract new licensees

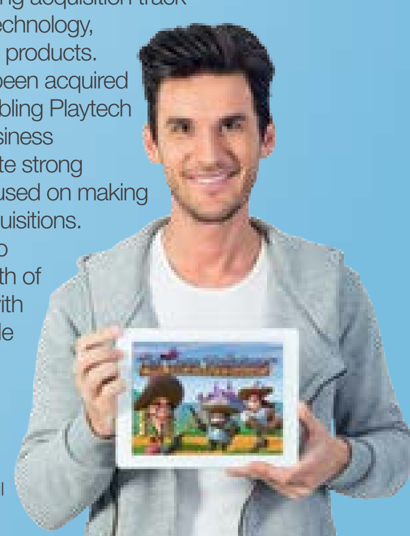
Playtech has enjoyed a successful track record of attracting approximately five to 10 new licensees every year, attracted by our market-leading product and service offering, the unique capabilities of the IMS and support for both established and new operators in regulating markets.

See page 20 for more detail

6.

Acquisitions remain key

Playtech has an outstanding acquisition track record, investing in new technology, exciting content, and new products. Companies have mostly been acquired on an earn-out basis, enabling Playtech to leverage its existing business and licensee base to create strong synergies. Playtech is focused on making further, similar bolt-on acquisitions. Given the Group's ability to generate cash and strength of its balance sheet, along with the €297 million convertible bond issue, the Board is seeking strategic M&A opportunities to take the business to the next level.



See page 20 for more detail

Financial Review

"In a year in which the Group continued to make strong operational performance, Playtech yet again delivered an exceptional financial performance."

Ron Hoffman, Chief Financial Officer

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

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

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

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

Playtech remains a highly cash generative business, with significant cash conversion from adjusted EBITDA to operating cash of 96%, reflecting the strength of its business model as consistently shown over the years. Cash balances as at 31 December 2014 were €692.3 million (31 December 2013: €527.4 million) bolstered by the issuance of a convertible bond in November 2014 amounting to €297.0 million (net proceeds of €291.1 million).

Revenues

	2014 €'000	2013 €'000	Change %
Casino	**244,235**	189,216	29%
Services	**132,792**	111,116	20%
Sport	**26,306**	17,100	54%
Bingo	**17,468**	18,464	-5%
Land-based	**16,612**	12,275	35%
Poker	**13,813**	14,680	-6%
Other	**5,754**	4,355	32%
Total	**456,980**	367,206	24%

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

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

Adjusted EBITDA

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

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

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

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

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

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

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

Adjusted EBITDA

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

Cost of operations

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

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

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

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

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

Cost of service was €32.8 million (2013: €23.3 million) and comprise mostly hosting expenses, license of various software costs, online and offline marketing costs and the cost of dedicated teams. The cost of service excluding acquisitions was €32.2 million (2013: €22.7 million).

The increase was mainly as a result of additional third-party technology licence fees and an increase in on-demand dedicated teams fully recharged to licensees together with an increase in hosting-related costs.

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

Playtech remains focused on managing cost inflation across the business.

Financial income and tax

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

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

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

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

Analysis of adjusted operating expenses

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

Net profit and earnings per share

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

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

Adjusted net profit and adjusted earnings per share

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

Cash flow

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

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

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

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

Balance sheet

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

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

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

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

The convertible bond liability was €247.0 million (31 December 2013: nil), and its option reserve was €45.4 million (31 December 2013: nil). The bonds were issued in November 2014 for total net proceeds of €291.1 million.

Post-balance sheet events

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

Dividend

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

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

Principal risks and uncertainties

The key risk areas, which are discussed on pages 25 to 27 are as follows:

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

Directors' Responsibility Statement

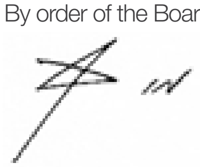
We confirm to the best of our knowledge:

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

The Directors of Playtech plc are listed on pages 32 and 33. A list of current Directors is maintained on Playtech's website, www.playtech.com.

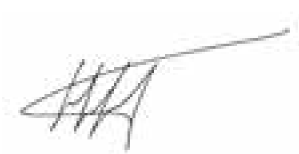
The Strategic Report on pages 1–31 is approved by the Board and signed on its behalf.

By order of the Board



Mor Weizer
Chief Executive Officer

26 February 2015



Ron Hoffman
Chief Financial Officer

26 February 2015

Managing risks

The risks outlined below are those principal risks and uncertainties that are material to the Group. They do not include all the risks associated with Group activities and are not set out in any order of priority. How these risks are identified is described in the Corporate Governance section on pages 32 to 66. Achieving Playtech's strategic objectives while minimising the key risks the business faces will deliver sustainable and long-term growth.

Area of risk

Regulation – licensing requirements

Risk

The Group holds a number of licences for its activities from regulators, principally for its activities as a software provider (including those issued by the Gambling Commission of Great Britain and the Alderney Gambling Control Commission). Loss of all or any of these licences may adversely impact on the revenues and/or reputation of the Group.

Mitigation

The Group has an established compliance function that maintains relationships with regulators, monitors the regulatory environment closely and ensures continuation of all necessary licences and permits that allow the Group to continue its current business.

Regulation – changing landscape

Risk

The Group licences its products to operators in the online gambling industry whose ability to operate in any jurisdiction may be impacted by changes in regulations, or failure to obtain any necessary licences. Laws and regulations relating to the supply of gambling services are complex, inconsistent and evolving and the Group may be subject to such laws indirectly, insofar as it has assisted the supply to licensees who are themselves subject to such laws and so subject to enforcement risks.

Mitigation

As an established regulated supplier to the online gambling industry, the Company is vigilant over legal and regulatory issues that could apply to its activities not only in those jurisdictions where the Company is located, but also in the jurisdictions where its licensees are accepting bets and wagers from end users, using Playtech's software and services. Under the terms of its agreements with its licensees, the Group prohibits the acceptance of players from certain identified jurisdictions.

Regulation – local requirements

Risk

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.

Mitigation

The Group closely monitors developments in jurisdictions seeking to introduce new licensing regimes and seeks to establish joint venture relationships, or other close contractual relationships, with key local operators with influence on the development of local regulation. In addition, through the participation of the Group in industry bodies such as the Remote Gambling Association, Gaming Standards Association and Gambling Business Group, it seeks to influence the shape of new licensing regulations.

Managing risks continued

Taxation

Risk

The Group benefits from favourable arrangements in some of the jurisdictions in which it is established. Changes in taxation legislation and rates may impact the Group's net earnings and cash flows.

Mitigation

The Group works closely with its tax advisers to review its tax position, undertake periodic tax audits and monitor any changes in tax legislation.

Competitive landscape

Risk

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.

Mitigation

The Group continues to invest significant resources in research and development in order to enhance its technology, products, content and services, and in making acquisitions to broaden the range of technologies, products and services that it can offer to licensees.

Economic climate

Risk

The vast majority of the Company's revenue is generated as a share of the revenue of its customers. Any downturn in consumer discretionary spending could result in reduced spend by consumers on gambling and the Group's revenues would fall. Macroeconomic factors such as licensing, regulatory, tax or other developments outside of Playtech's control could deter existing or potential licensees from using the Group's products in certain markets.

Mitigation

Playtech's licensees are geographically diverse, which should mitigate reliance on any particular region. Management closely monitors business performance and, if a downturn were to occur, remedial action commensurate with the nature and scale of the slow down could be taken.

Cash management – use of cash

Risk

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.

Mitigation

The Company has made a number of very successful, value creating acquisitions and has an established process in place and experienced staff to conduct thorough due diligence before completing any transaction.

Cash management – counterparty risk

Risk

Playtech has significant cash balances and is therefore exposed to counterparty credit risks.

Mitigation

Playtech holds its cash and cash equivalents in a number of "AAA" rated banks and financial institutions to mitigate the risk of a default. It also closely monitors foreign exchange fluctuations.

Security

Risk	Mitigation
The Group and its licensees are constantly vulnerable to hacking, Distributed Denial of Service ("DDoS") attacks, malicious acts and cybercrime.	The Group adopts industry-standard protections to detect any intrusion or other security breaches, together with preventative measures safeguarding against sabotage, hacking, viruses and cybercrime. The Group works continuously to improve the robustness and security of the Group's information technology systems. In addition, the Group has put in place disaster recovery processes.

Intellectual property

Risk	Mitigation
The Group's ability to compete effectively depends amongst other things, on its ability to protect, register and enforce, as appropriate, its intellectual property rights.	The Group registers patents and trademarks, where this is possible and/or commercially viable, to protect key aspects of its intellectual property. In addition, proprietary and/or confidential information, and intellectual property is protected through legal and physical security process and Playtech vigorously defends itself against third-party claims.

Key employees

Risk	Mitigation
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.	The Group provides a stimulating professional environment and has a comprehensive performance evaluation system to identify key talent and to ensure that key personnel are appropriately rewarded and incentivised through a mixture of salary, annual bonus and long-term incentives linked to the attainment of business objectives and revenue growth.

Our sustainability

By embracing policies and behaviours that govern responsible conduct, the Company strives to create more valuable relationships with its stakeholders, enhancing trust by demonstrating its focus on, and management of, the material non-financial risks in the business. Playtech believes that a responsible approach to these challenges, together with risk assessment and mitigation, will positively impact its ability to succeed operationally and strategically.

Focus on sustainability

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

Our programme to put in place consistent documentation and Group-wide policies and procedures as well as a number of employee-related improvements was introduced in 2011.

Hilary Stewart-Jones, Deputy Chairman and Chairman of the Risk Committee, has Board-level responsibility for the programme.

The issues of interest to the Company's stakeholders can be grouped into five areas:

#1 Workplace

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

#2 Governance

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

#3 Marketplace

Working with regulators, partners and licensees to further responsible gambling

#4 Community

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

#5 Environment

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

Workplace

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

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

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

Governance

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

In an industry that continues to undergo significant structural changes, the Board's role has never been more important. The identification of significant risks facing the business, and processes to monitor and mitigate them, is covered in more detail on pages 34 to 42.

Marketplace

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

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

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

In a rapidly changing industry environment, where newly-regulating markets play a central role, it is critical that the Company's reputation as the best partner in the industry is maintained and promoted. Playtech's customers are its licensees and the Company plays a central role in helping them to manage their gambling operations responsibly. The Company's approach to Responsible Gambling is discussed in detail on page 31.

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

Community

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

In 2014 Playtech gave approximately €100,000 to charitable organisations working in the fields of education and research into, and treatment of, problem gambling (2013: €170,000). Playtech also provided non-financial support to these and other community causes, including computer hardware, employee time and training. In April, Playtech employees in Bulgaria planted 700 trees in a local nature park as part of a wider conservation effort.

Environment

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

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

Locations and people

Playtech is headquartered in the Isle of Man and has offices in 15 other countries, including its principal software development centres in Estonia, Ukraine, the UK, Sweden and Bulgaria. Live dealer facilities are located in Latvia and the Philippines. A central finance function is located in Cyprus and marketing from Israel.

In 2014, Playtech employed an average of 3,972 people. At the end of the year, total headcount was over 4,220 people.

Product development

Playtech's software business is structured along product lines, with separate business units for each product area, such as the IMS, casino, poker, bingo and sports, and across the online, mobile and land-based delivery channels. This structure aims to ensure that Playtech can manage the demands of increasing operational scale, as existing licensees develop and new customers migrate to the Company's gambling platform.

In practice, this approach co-locates product teams so that, for example, those employees working on Playtech's casino product are all located in Tartu, Estonia, with content and software developers, quality assurance and product delivery teams working closely together on the same office floor in line with best development standards. This approach enhances collaboration and enables the team to quickly identify and resolve any technical issues that may arise.

Playtech deploys a software delivery management process known as Next Generation Mobile using the most advanced mobile technologies, which has reduced the time-to-market for new games and launch time for new licensees. The Company's intelligent approach to managing project workflows is a significant competitive advantage when compared to its peers.

Playtech has also looked to utilise outsourcing resources, or to deliver a greater ability to licensees to self-manage their content. This greater degree of control has benefits for the licensee in terms of faster deployment time for new content and helps to maximise the productivity of Playtech's development teams. Playtech's R&D operations are among the biggest in the online gambling industry and employ over 1,500 people, principally devoted to software development, of which over 350 are developing specifically for mobile. The scale of Playtech's R&D function helps it to maintain a competitive advantage in technology innovation, content development and product pipeline.

The Company's extensive experience and capabilities enable it to be agnostic to technology platform or system when developing new solutions for licensees, so that it is able to offer its market-leading products and services to the widest possible customer base. This flexibility offers a substantial advantage as licensees increasingly look for a combination of mobile, retail and more traditional formats for the same games.

Customer service

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

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

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

Valuing our people

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

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

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

During 2014 a group wide employee survey was conducted by an independent third party. The results were analysed and will be used to influence Company polices and practices going forward.

Welfare activities

Playtech recognises the value in keeping employees engaged and well motivated. Welfare programmes run through the year and are tailored to each country. Each site has a generous budget for local activities such as team building, parties, birthday gifts and a yearly site trip. During 2014, to raise staff awareness of health issues, canteen menus were adjusted to include more fruit, vegetables and healthy snacks. In addition, employees are provided with sports facilities and are supported in sporting endeavours such as 'Vertical Rush', a sponsored run up the stairs of Tower 42 in London, the Kiev marathon in which 30 Playtech employees participated and 'Toughest' a Swedish ultra endurance event.

Employee performance

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

Playtech's appraisal system is based around individual business unit and Group-wide objectives, which are directly aligned to Group strategy and specific areas of implementation and execution. Employees have clearly defined objectives and targets that are set in each review period, and their performance is routinely measured against these objectives.

Employee remuneration includes competitive salaries, an annual bonus, annual salary review, non-cash and ad-hoc bonuses, which are set by reference to the achievement of the aforementioned objectives, and by the demonstration of other competencies and contributions to the Group. A revised long-term, share-based incentive scheme to attract and retain the best operational and business managers was adopted in 2012.

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

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

Employee conduct

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

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

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

Responsible gambling

Philosophy

Responsible gambling is an integral part of Playtech's institutional mindset and a significant factor in all of its activities. As a software provider, the Company is not typically directly in contact with players, but responsible gambling nonetheless remains a fundamental issue for the Company in safeguarding its business and reputation, and for the continued development of the industry in a sustainable manner.

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

Technology to support responsible gambling

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

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

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

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

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

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

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

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

Certification and regulation

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

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

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

Fraud, money laundering and fair play

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

Board of Directors

Alan Jackson (aged 71)

Non-executive Chairman

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

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

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

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

Mor Weizer (aged 39)

Chief Executive Officer

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

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

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

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

Ron Hoffman (aged 38)

Chief Financial Officer

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

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

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

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

Hilary Stewart-Jones (aged 53)

Non-executive Deputy Chairman

Appointment to the Board:
Hilary was appointed to the Board in October 2013 and became Deputy Chairman in December 2014.

Career:
Hilary is a qualified solicitor, and worked in-house at Ladbrokes plc becoming head of the in-house gambling legal team before joining the law firm Berwin Leighton Paisner LLP as a Partner in 2000. She joined DLA Piper UK LLP as a Partner in 2011 but stepped down from that role in May 2014 and has since held a consultancy position with the firm. Hilary is recognised as a leading international expert in gambling law and has over 20 years' experience advising companies on gambling-related issues.

Skills, competences and experience:
Hilary brings considerable expertise in the regulation of online gambling around the world, having advised many leading companies in the sector, as well as in legal matters generally. She enjoys an excellent relationship with many of the key industry regulators and is a regular speaker on gambling law and regulation.

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

Andrew Thomas (aged 72)

Senior Non-executive Director

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

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

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

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

Chairman's Introduction to Governance

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

Alan Jackson, Chairman

Dear Shareholder

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

The Board has confidence in the future of the Group and sees significant growth opportunities, and remains focused on looking for such opportunities in regulated and soon-to-be regulated markets. Changes in the regulatory frameworks in key markets have led to enhanced engagement with regulators in terms of us applying for, holding and maintaining regulatory licences. We successfully applied for all relevant licences required under the new UK licensing regime, which was introduced in late 2014. We also worked closely with regulators in markets such as Italy to assist with problems faced by the local regulator arising from the proliferation of unlicensed operators.

During 2014, we undertook significant work with PwC on an internal audit exercise covering key areas of our business – both in terms of a review of the effectiveness of our processes and procedures, together with focused work on the identification and mitigation of risk. To bolster our efforts in this area, we have recently recruited Robert Penfold, an experienced risk professional with significant sector experience, as our Head of Internal Audit.

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

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

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

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

The annual general meeting ("AGM") is an important opportunity for the Board to meet with shareholders, particularly those who may not otherwise have the chance to engage with the Board and senior management. Our 2015 AGM is scheduled for 10.00 am on 20 May 2015 at The Sefton Hotel, Douglas, Isle of Man and we look forward to seeing you there.

Alan Jackson
Chairman
26 February 2015

Directors' Governance Report

Introduction

Responsibility for corporate governance lies with the Board, which is committed to maintaining high standards of corporate governance and is ultimately accountable to shareholders. The report which follows explains our most important governance processes and how they support the Group's business. In particular, we have applied the principles of good governance advocated by the UK Corporate Governance Code (the "Code").The Code applied to Playtech throughout the financial year ended 31 December 2014. A copy of the code is available at www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/UK-Corporate-Governance-Code.aspx.

Compliance statement

We continued to make improvements during the year both to our Board structure and our governance procedures and I am delighted to be able to report that it is the view of the Board that the Company has been fully compliant with the principles of the Code during 2014 save in relation to C.3.1 of the Code.

As regards C.3.1 of the Code, following the Company qualifying for inclusion in the FTSE 350 the Board concluded that the composition of the Audit Committee (comprising the three Non-executive Directors including the Chairman) was sufficiently robust for the Committee to fulfil its responsibilities without the need for the appointment of a further Non-executive Director. The Board will review the position during the course of the year.

We noted in the 2013 Annual Report that certain historic option awards made to Executive Directors (all of which were made while the Company was on the Alternative Investment Market) did not contain any performance-related vesting conditions. The remaining options were exercised in 2014 and, in accordance with the current policy of the Remuneration Committee as stated in its reports on pages 46 to 59, future awards to Directors will be subject to challenging performance criteria.

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

As detailed in Note 26 to the financial statements, Hilary's husband, Jean-Pierre Houareau, was engaged during 2014 by the Group as a consultant and also owns a company which is a small supplier to the Group. Mr Houareau has worked in the online gaming industry for non-related companies, such as PKR, for 10 years and has been retained to assist in connection with some of the Group's consumer facing activities in the UK and other regulated markets. Hilary was not involved in the decision to retain Mr Houareau and did not participate in discussions relating to fee arrangements.

The Board consider that Hilary continues to be independent for the purposes of the Code.

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

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

The Board

Composition

As at 31 December 2014, the Board comprised the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer, a Non-executive Deputy Chairman and an independent Non-executive Director. The list of Directors holding office during the year to 31 December 2014 and their responsibilities are set out on pages 32 and 33.

All of the Directors served throughout the financial year.

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

The Company Secretary acts as secretary to the Board and its Committees and his appointment and removal is a matter for the Board as a whole. Following the departure of Paul Wright, the former Company Secretary, the Board appointed Brian Moore as his successor in January 2015. The Company Secretary is a member of the Group's management team and all the Directors have access to his advice and services.

Director's name	Title
Alan Jackson	Non-executive Chairman
Mor Weizer	Executive Director, Chief Executive Officer
Ron Hoffman	Executive Director, Chief Financial Officer
Hilary Stewart-Jones	Non-executive Deputy Chairman
Andrew Thomas	Non-executive, Senior Independent Director

Board operation

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

Chairman

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

Chief Executive Officer

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

Matters considered by the Board in 2014

Month	Material matters considered
January	• Review of operational roadmap for 2014 • Approval of budget for 2014 • Approval of the acquisition of Psiclone Games Limited, a retail games developer
February	• Update in relation to status of related party arrangements • Review of the 2013 financial results and approval of the Annual Report and Accounts for 2013 • Consideration of a special dividend and a final dividend • Approval of notice of AGM and resolutions to be put to the meeting • Approval of establishment of Employee Benefit Trust
April	• Detailed evaluation of M&A opportunities and use of cash resources • Consideration of plans to implement operational efficiencies and cost savings • Consideration of forthcoming regulatory changes in key markets • Review of updated risk register
May	• Consideration of implications of unrest in Kiev on the Group's operations • Update into R&D and new developments such as the Group's new business intelligence products • Consideration of the potential impact of the proposed POC tax on the Group • Preparation for the AGM
June	• Evaluation of potential strategic agreements (including in Mexico and Italy) • Review of the poker division and its strategic plans • Acquisition of a software provider that developed a sports betting solution for developing markets
August	• Review of interim results • Consideration of interim dividend • Evaluation of proposed UK licensing regime and related application processes • Approval of investment in, and related software arrangements with, BGO Limited • Approval of acquisition of Aristocrat Lotteries
October	• Review of human resources, recruitment and employee incentivisation plans • Detailed evaluation of M&A opportunities and use of cash resources • Consideration of expansion into new geographical markets
November	• Approval of announcement in relation to share price movement • Approval of the placement of €297 million unsecured convertible bonds • Appointment of Hilary Stewart-Jones as Deputy Chairman • Approval of amendments to relationship agreement with Brickington Trading Limited as required by virtue of changes to the Listing Rules

How the Board functions

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

The Board meets regularly and frequently, with eight meetings scheduled and held in 2014. During the year, it was also necessary for the Board to hold an unscheduled Board meeting by telephone in accordance with the articles of association, in connection with the approval of the placing of a €297 million unsecured convertible bond.

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

In addition to receiving reports from the Board's Committees, reviewing the financial and operational performance of the Group and receiving regular reports on M&A, legal, regulatory and investor relations matters at the Board meetings, the other key matters considered by the Board during 2014 are set out in the table page 37.

Board meetings are generally held at the registered office of the Company on the Isle of Man, though during the year a meeting was held in Gibraltar, giving the Board an opportunity of reviewing the Group's poker operations, and a meeting was held in Berlin in conjunction with a major European gambling conference that gave the Non-executive Directors an opportunity to broaden their knowledge of the European gambling industry.

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

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

Number of meetings	Board	Audit	Remuneration	Nominations	Risk
Alan Jackson	9 of 9	4 of 4	3 of 3	–	4 of 4
Mor Weizer	9 of 9	–	–	–	–
Ron Hoffman	9 of 9	–	–	–	–
Hilary Stewart-Jones	8 of 9	4 of 4	3 of 3	–	4 of 4
Andrew Thomas	9 of 9	4 of 4	3 of 3	–	4 of 4

Responsibility and delegation

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

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

- approval of the Group's long-term objectives and commercial strategy;
- approval of the annual operating and capital expenditure budgets and any changes to them;
- major investments or capital projects;
- the extension of the Group's activities into any new business or geographic areas, or to cease any material operations;
- changes in the Company's capital structure or management and control structure;
- approval of the Annual Report and Accounts, preliminary and half-yearly financial statements; interim management statements and announcements regarding dividends;
- approval of treasury policies, including foreign currency exposures and use of financial derivatives;
- ensuring the maintenance of a sound system of internal control and risk management;
- entering into agreements that are not in the ordinary course of business or material strategically or by reason of their size;
- changes to the size, composition or structure of the Board and its Committees; and
- corporate governance matters.

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

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

Audit Committee

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

The Audit Committee's report is set out on pages 43 to 45 and details the Audit Committee's membership, activities during the year, significant issues that it considered in relation to the financial statements and how those issues were addressed. The report also contains an explanation of how the Committee assessed the effectiveness of the external audit process and the approach taken in relation to the appointment or reappointment of the auditors.

Remuneration Committee

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

The Directors' Remuneration Report is set out on pages 46 to 59 and contains details the Remuneration Committee's membership, activities during the year and the policy on remuneration. The Chairman of the Remuneration Committee attends the annual general meeting to respond to any questions that shareholders might raise on the Remuneration Committee's activities.

Risk & Compliance Committee

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

The Risk & Compliance Committee is chaired by Hilary Stewart-Jones. The other members of the Committee are Alan Jackson (Non-executive Chairman) and Andrew Thomas (Non-executive Director). David McLeish (General Counsel), Ian Ince (Head of Regulatory and Compliance) and Robert Penfold (Head of Internal Audit) attend the Committee. The Company Secretary, Brian Moore, is secretary to the Committee.

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

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

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

The Risk & Compliance Committee met formally four times during the year and in addition held a number of conference calls throughout the year, and a summary of the key matters considered by the Committee during 2014 are set out below:

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

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

A table setting out the principal significant risks identified by the Group (including with the oversight and input of the Risk & Compliance Committee) and the mitigating actions that have been undertaken by the Group in relation to these is set out on pages 25 to 27 of this document.

Nominations Committee

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

The Nominations Committee comprises Alan Jackson (Chairman), Andrew Thomas and Hilary Stewart-Jones.

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

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

The Nominations Committee meets on an as-needed basis. No meetings were held in 2014.

Disclosure Committee

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

Management Committee

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

Board tenure

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

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

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

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

Balance of the Board

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

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

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

Evaluation

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

A review of the Board's effectiveness was conducted in late 2014. The review was facilitated by Independent Audit Limited, using their Thinking Board online assessment service. Their facilitation helped ensure that the review was rigorous and covered the important influences on the Board's effectiveness. As independent advisers, they discussed the focus and coverage of the Board and Committee questionnaires, administered the questionnaires on a confidential basis, analysed the results independently from the Board and management, and presented the findings and their suggestions in a paper which was discussed with the Chairman and provided to all Directors. The Board is in the process of considering the report with a view to adopting and implementing a plan to further develop the effectiveness of the Board during 2015.

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

Relationship with shareholders

Primary responsibility for effective communication with shareholders lies with the Chairman, but all the Company's Directors are available to meet with shareholders throughout the year. Alan Jackson, Mor Weizer and Ron Hoffman met with a number of shareholders to discuss the Company's business strategy throughout the year. The Executive Directors prepare a general presentation for analysts and institutional shareholders following the interim and preliminary announcements. Details of these presentations together with the Group's financial statements and other announcements can be found on the investor relations section of the Company's website. Further presentations are also prepared following significant acquisitions and whenever the Board considers it beneficial to shareholders to do so. Regular meetings with shareholders and potential shareholders are also held by the Head of Investor Relations, and in conjunction with either the Chief Executive Officer or the Chief Financial Officer. The Company also held an investor day during 2014 at which shareholders and sector analysts were invited to hear about certain of the Group's new products.

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

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

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

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

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

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

Investor relations and communications

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

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

During 2014, 44 regulatory announcements were released informing the market of acquisitions, corporate actions, important customer contracts, financial results, the results of annual general meetings and Board changes. Copies of these announcements, together with other IR information and documents, are available on the Group website www.playtech.com.

Summary

In presenting this report, and having monitored, reviewed or approved all shareholder communications in 2014 and since the end of the financial year, the Board is confident that it has presented a balanced and understandable assessment of the Company's position and prospects.

Alan Jackson
Chairman

26 February 2015

Audit Committee Report

Composition

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

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

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

Responsibilities

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

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

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

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

Audit Committee's activities

In 2014, the Audit Committee met formally four times.

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

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

Its work also included reviewing the final and interim financial statements and matters raised by management and BDO. After discussion with both management and the external auditor, the Committee determined that the key risks of misstatement of the Group's financial statements, related to the following areas (which are described in the relevant accounting policies and detailed in the Notes to the financial statements on pages 78 to 109.

Revenue Recognition

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

Capitalisation of software development costs

The Audit Committee considered the Group's policy regarding the capitalisation of its software development costs taking into account IFRS requirements. The Committee concluded that the policy was compliant and BDO, as part of its audit procedure, undertook an exercise to verify that such policy was being applied correctly.

Goodwill and intangible assets

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

Legal and regulatory

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

Related party transactions

The Audit Committee examined the practices and procedures adopted by the Group to ensure that related party transactions are conducted on arm's length terms. The Committee considered the processes followed in relation to such transactions that were entered into during 2014 and concluded that the process had worked effectively and that all related party transactions had been properly conducted on an arm's length basis and appropriately disclosed in the financial statements. BDO undertook a review of this area as part of its audit work.

Tax

The Audit Committee reviewed and approved the overall tax management and strategy of the Group during the year in light of the external and internal advice sought by management and reviewed how the Group considers tax as part of its overall business planning. Consideration was given to transfer pricing studies carried out on behalf of the Group in the period, and assessed, in respect of earlier studies, whether there had been any change in the basis of operations in the relevant territories.

Financial statements

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

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

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

Internal control

In 2013, the Company established a co-sourced internal audit function responsible for reviewing, reporting and monitoring improvements in internal control performance across its operations, involving PricewaterhouseCoopers LLP ("PwC") and the Group's Chief Information Officer.

During the year, PwC were engaged to perform a review of a number of areas of the Group including disaster recovery arrangements and processes and procedures in the legal and compliance departments. PwC were also asked to assist in the production of an updated risk register. The output of these work-streams was considered by the Audit Committee along with the members of the Risk & Compliance Committee, and in the light of recommendations made by the PwC, certain actions were agreed in mitigation of identified risks and to enhance existing processes. Further work being undertaken focuses on key risk processes and is intended to provide an ongoing independent assurance that these key processes remain effective.

In recognition of the increasing levels of complexity in relation to internal controls, the Group recently appointed, Robert Penfold, a risk professional with extensive sector experience, as the Group's Head of Internal Audit. Robert will report to the Audit Committee on a regular basis and engage PwC and other specialists where appropriate.

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

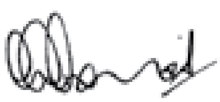
Auditor's independence

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

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

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

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



Andrew Thomas
Chairman of Audit Committee

26 February 2015

Remuneration Report – Annual Statement

Dear Shareholder

On behalf of the Board, I welcome the opportunity to present the Remuneration Committee's report on Directors' remuneration for the year to 31 December 2014. This report, as required by the Code, describes how the Board has applied the principles of the Code to Directors' remuneration.

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

Philosophy

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

Remuneration is delivered via relatively modest fixed remuneration and simple and transparent incentive-based plans enabling the Executive Directors to be rewarded for delivering strong financial performance and sustainable returns to shareholders.

Performance outcome for 2014

As set out in more detail in the Strategic Report, 2014 was a year of exceptional performance for Playtech. The performance was driven by the continued growth of the Group's flagship casino product, the PTTS services divisions, strong growth in sport as well as the expansion of our mobile and land-based offerings. Progress has been driven through strong organic growth and successful acquisitions and strategic agreements.

This excellent performance resulted in achieving impressive results across our key financial performance measures including growth in revenue (24%), adjusted EBITDA (30%), adjusted net profit (29%) and adjusted EPS (28%). The 2014 results significantly exceeded both internal forecasts and external market expectations against a backdrop of an ever evolving regulatory and tax landscape.

Given the very strong financial results, the Remuneration Committee considered that the Executive Directors had far exceeded both the challenging financial targets and the other strategic objectives given to them at the start of 2014, including expanding the business in regulated and soon-to-be regulated markets and strengthening the Group's regulatory functions in light of increased regulation in the UK and elsewhere. Accordingly, in recognition of this exceptional performance, the Committee has, consistent with the Remuneration Policy approved by shareholders at last year's annual general meeting, awarded a bonus of 200% of salary to the CEO and 150% of salary to the CFO. The Committee is more than satisfied that this level of bonus reflects the delivery of superior financial performance (which was significantly ahead of the levels expected at the start of the year) together with the strong personal performance of the Executive Directors during 2014. Further details of the bonuses are set out below.

No long-term incentive plan award was due to vest in relation to performance which ended at 31 December 2014. In view of the fact that the Executive Directors do not currently hold any options in the Company, the Remuneration Committee intends to make grants to them pursuant to the Group's Long Term Incentive Plan 2012 at the next available opportunity as part of its efforts to secure the management team for the coming years.

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

Remuneration policy for 2015

No changes are proposed to the Remuneration Policy from that presented and approved at last year's AGM. Further details of the Company's Remuneration Policy and structure are provided in this report. The Remuneration Committee believes the current policy reinforces the Company's strategy to create a business with significant scale and a full product and service capability, underpinned by a pre-eminent technology platform. We believe that the Remuneration Policy and incentive framework we have in place can support the Company's strategy in the current economic environment and help to retain and motivate our management team in order to assist in driving strong returns for our shareholders. The Committee will review the continued appropriateness of the Remuneration Policy during 2015.

The Remuneration Committee encourages dialogue with the Company's shareholders. The Committee and I hope we can count on your continued support at the 2015 AGM.

Hilary Stewart-Jones
On behalf of the Remuneration Committee

26 February 2015

Remuneration Policy Report

The Remuneration Policy was approved by shareholders at the 2014 AGM, with the expectation it would be applied for a period of three years from that date. The Remuneration Policy is re-presented here for completeness and transparency. Some minor amendments have been made to (i) references to particular years, (ii) page and Note references, and (iii) the removal of the Total Remuneration Opportunity charts which were in relation to 2014 pay levels. The full original report can be viewed at http://playtech-ir.production.investis.com/~/media/Files/P/Playtech-IR/results-reports-webcasts/2014/2013-report-and-accounts.pdf.

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

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

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

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

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

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

Remuneration policy for Executive Directors

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

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

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

Explanation of chosen performance measures and target setting

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

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

Policy on recruitment or promotion of Executive Director

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

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

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

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

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

Service contracts and exit payments

Executive Directors

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

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

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

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

Non-executive Directors

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

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

The following is a summary of the key terms of the letters of appointment for the Non-executive Directors:

Name	Date	Term	Termination
Alan Jackson	29.08.13	Until third AGM after appointment unless not re-elected	120 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
Andrew Thomas	19.06.12	Until third AGM after appointment unless not re-elected	120 days' notice on either side or if not re-elected, disqualification or commits gross misconduct
Hilary Stewart-Jones[1]	9.10.13	Until third AGM after appointment unless not re-elected	90 days' notice on either side or if not re-elected, disqualification or commits gross misconduct

(1) Hilary Stewart-Jones was appointed a Non-executive Director on 9 October 2013 and accepted the position of Deputy Chairman with effect from 1 December 2014.

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

Consideration of employment conditions elsewhere

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

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

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

Consideration of shareholder views

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

Legacy arrangements

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

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

Discretion vested in the Remuneration Committee

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

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

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

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

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

Annual Report on Remuneration

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

Directors' emoluments (in euros) (Audited)

Executive Director	Mor Weizer		Ron Hoffman	
	2014	2013	**2014**	2013
Salary[1]	**543,019**	534,725	**270,035**	238,757
Bonus[2]	**1,150,200**	802,088	**575,100**	238,757
Long-term incentives	**–**	–	**3,790**	24,747
Benefits[3]	**19,356**	17,583	**23,868**	24,604
Pension	**27,151**	26,736	**13,534**	11,783
Total emoluments	**1,739,726**	1,381,132	**886,327**	538,648

(1) Basic salary of the Executive Directors is determined in pounds sterling and then converted into euros at the average exchange rate applicable during the relevant financial year for the purpose of this report. As noted on page 54, the salary for Ron Hoffman was increased from £200,000 to £300,000 with effect from 1 November 2014 and the salary of Mor Weizer was increased from £450,000 to £550,000 with effect from 1 January 2015.

(2) The figure for bonuses in 2014 above represents a payment at the maximum entitlement for the Executive Directors given the exceptional performance during the period and by reference to their salaries as at 31 December 2014. The bonuses were determined in pounds sterling and then converted into euros at the exchange applicable as at 31 December 2014. Details of (a) how the annual performance bonus for the Executive Directors was determined; and (b) the timing of bonus payments, is set out below. The bonus figure for Ron Hoffman does not include sums paid pursuant to legacy bonus arrangements granted in 2011 and prior to him becoming a Director.

(3) Benefits include private medical insurance, permanent health insurance, car and life assurance.

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

Director	Fees		Annual bonus		Benefits		Pension		Total emoluments	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Alan Jackson	**478,314**	246,055	**–**	–	**–**	–	**–**	–	**478,314**	246,055
Andrew Thomas	**124,561**	106,844	**–**	–	**–**	–	**–**	–	**124,561**	106,844
Hilary Stewart-Jones[1]	**135,211**	45,049	**–**	–	**–**	–	**–**	–	**135,211**	45,049

(1) Hilary Stewart-Jones was appointed to the Board on 9 October 2013. Her annual fees were increased from £100,000 to £200,000 per annum upon her appointment as Deputy Chairman on 1 December 2014.

Determination of 2014 bonus

In accordance with the Company's Remuneration Policy, the CEO and CFO had the opportunity to earn a normal bonus in respect of 2014 of 150% and 100% of salary respectively and a further 50% of salary each in exceptional circumstances. The 2014 performance was assessed against a mixture of financial and non-financial targets.

The financial targets (representing 70% of bonus opportunity) were based on the achievement of Adjusted EBITDA of €173 million payable on a scale of 90%–105% around this target, with 0% of bonus payable below 90% of target and 100% of bonus payable for on or over 105% of target.

Adjusted EBITDA was selected as an appropriate measure as it is the key financial performance metric of the Company, most closely representing the underlying trading performance of the business and is calculated after adding back certain non-cash charges, cash expenses relating to professional costs on acquisitions, gains on sale of investments and certain one-off charges as set out in the financial statements on page 88. The non-financial performance targets were selected to underpin key strategic objectives of the Group, in particular recognising the challenges of expanding the business into regulated and soon-to-be regulated markets and strengthening the Group's regulatory functions in light of increased regulation in the UK and elsewhere.

When reviewing the performance during 2014 the Committee noted that the adjusted EBITDA for the financial year ended 31 December 2014 was €207.1 million, representing a 30% increase on the prior year. This was achieved at the same time as a significant improvement in other key financial indicators including growth in revenue (24%), adjusted net profit (29%) and adjusted EPS (28%). The operational highlights set out in the Strategic Report on page 1 demonstrate that a number of the key strategic objectives set for executives have already been successfully implemented, particularly as regards securing business in regulated and soon-to-be regulated markets. In addition, the Group bolstered its regulatory and compliance capability and secured all necessary licences from the Gambling Commission of Great Britain.

The Committee considered that the 2014 performance was exceptional as it far surpassed expectations and the targets set at the start of the financial year and therefore warranted additional recognition for the Executive Directors. The Committee therefore approved the use of the facility within the approved policy whereby up to an additional 50% of salary can be payable to Executive Directors in exceptional circumstances where performance significantly exceeds the targets set.

Accordingly, the Committee determined that the bonus payable for 2014 was €1,150,200 for the CEO (200% of salary) and a bonus of €575,100 for the CFO (150% of salary).

The bonus payments were awarded based on the salary rate at the end of 2014, it being noted that Ron Hoffman received a salary increase during the year. This was considered appropriate in view of: (i) the delay in the salary increase for Ron Hoffman set out below (effective 1 November 2014 rather than the normal effective date of 1 June 2014); (ii) Mr Hoffman's previous salary having been significantly below the mid-market position; and (iii) total remuneration being below mid-market position (particularly in view of the lack of LTIP award granted in the year).

Notwithstanding the above, in exercising its discretion the Committee decided that 50% of the exceptional element of Mr Hoffman's bonus (being €95,850) will be payable on 31 December 2015 conditional only on Mr Hoffman not having ceased to be employed by the Group in customary "bad leaver" circumstances.

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

LTIP Awards (Audited)

No awards have been made to Executive Directors under the LTIP to date.

Termination Payments (Audited)

No termination payments to Directors were made in 2014.

Payments to past Directors (Audited)

Following his retirement from the Board in October 2013, Roger Withers continues to be retained as a special adviser to the Board. During 2014, Roger received advisory fees of €198,849.

Remuneration decisions made in 2014 and 2015 (Audited)

Salary and benefits in kind

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

Due to significant corporate activity during the year, the Committee delayed commencing the normal salary review to the third quarter of 2014. As part of that exercise the Committee reviewed the salary and total remuneration levels of the Executive Directors against comparable roles in companies of a similar size and with similar business operations. The data identified a significant shortfall in salary and overall remuneration for both Executive Directors.

Mor Weizer's salary was set at £450,000 over five years ago. The Committee concluded that the benchmark data clearly demonstrated that this was substantially below the mid-market position and that an increase was overdue and appropriate to reflect Mr Weizer's effective leadership of the Company. As a result, Mor's salary was increased to £550,000 with effect from 1 January 2015. The Committee considers that this salary moves him towards the mid-market position in recognition of his importance to the Group and the increase in the size and complexity of its business over recent years.

On Ron Hoffman's promotion to the Board his salary was set at £200,000, the same level as his predecessor. We concluded as part of our review that this was substantially below the mid-market position and did not reflect Mr Hoffman's increasing importance to the Group following his appointment to the Board. In advance of the second anniversary of his appointment, the Remuneration Committee assessed that given his strong individual performance during this period, the time was right to make a significant adjustment in his salary to move him towards the mid-market position. The increase in salary to £300,000 reflects his personal contribution towards the success of the business and his continued development in the role. The revised salary was effective from 1 November 2014.

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

The current basic salary levels of the Executive Directors are:

- M. Weizer: £550,000 (equivalent to €685,085 at the average exchange rate between £ and € used in the accounts) which was effective 1 January 2015; and
- R. Hoffman: £300,000 (equivalent to €373,683 at the average exchange rate between £ and € used in the accounts) which was effective from 1 November 2014.

Fees currently payable to Non-executive Directors are:

- Chairman: £384,000 (equivalent to €478,314 at the average exchange rate between £ and € used in the accounts);
- Deputy Chairman: £200,000 (equivalent to €249,122 at the average exchange rate between £ and € used in the accounts); and
- Non-executive Director base fee: £100,000 (equivalent to €124,561 at the average exchange rate between £ and € used in the accounts).

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

Annual bonus

For 2015, bonuses for the Executive Directors will be based on the following:

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

In setting the adjusted EBITDA target, the Committee was mindful of a number of factors including the introduction of the POC tax in the UK with effect from 1 December 2014 and believe that the targets set are very challenging.

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

Long Term Incentive Plan ("LTIP")

Awards made to Executive Directors vest on the third anniversary of grant subject to (i) participants remaining in employment (other than in certain "good leaver" circumstances) and (ii) achievement of challenging performance targets. Awards that are structured as options can be exercised up to 10 years after the date of grant (or such shorter period in respect of vested options held by a leaver).

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

For median performance 25% of this portion of the award will vest increasing to full vesting for performance at the upper quartile. The comparator group is likely to include William Hill, 888 Holdings, BWIN Party, Ladbrokes, Betfair Group and Paddy Power, and will be finalised prior to grant.

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

Awards made to Executive Directors will also be subject to clawback provisions for a period of three years following vesting. The Committee may decide to clawback awards in the event of misconduct or material misstatement of the Group's financial results resulting in an award vesting to a greater degree than would otherwise have been granted.

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

Dilution limits

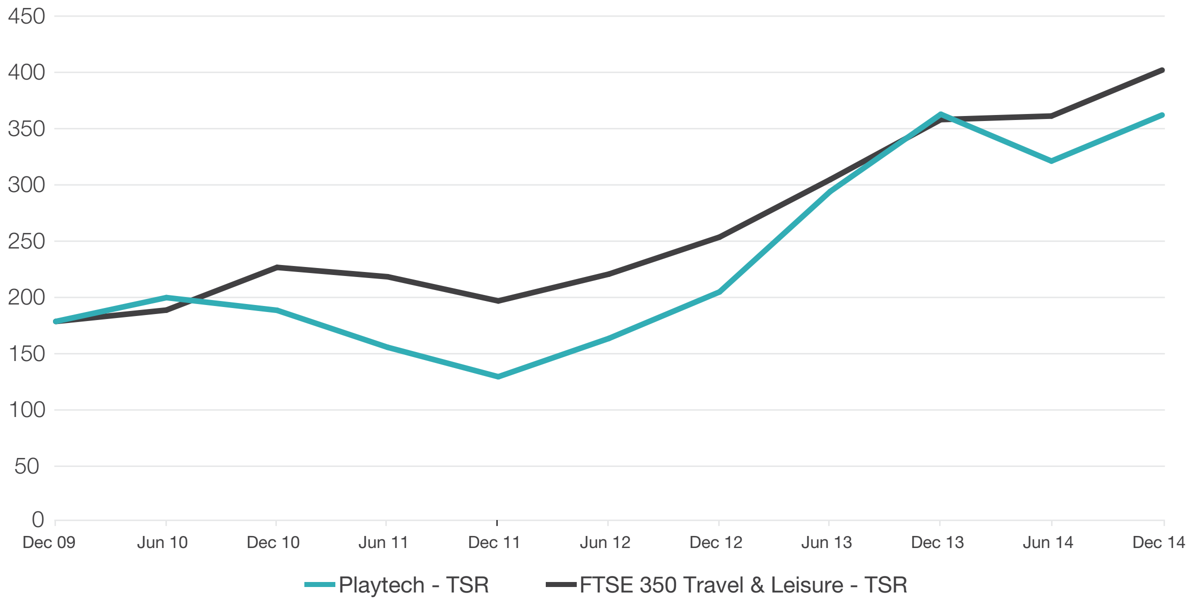
All of the Company's equity based incentive plans (other than the Option Plan which was established before the Company's admission to AIM in 2006) incorporate the current ABI Guidelines on headroom which provide that overall dilution under all plans should not exceed 10% over a 10-year period in relation to the Company's issued share capital (or reissue of treasury shares), with a further limitation of 5% in any 10-year period for executive plans. The Committee monitors the position and prior to the making of any award considers the effect of potential vesting of options or share awards to ensure that the Company remains within these limits. Any awards which are required to be satisfied by market purchased shares are excluded from such calculations. No treasury shares were held or utilised in the year ended 31 December 2014.

Review of performance

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

Total Shareholder Return (TSR) performance

	TSR during period
PTEC	104.1%
FTSE 350 – T&L	126.8/%



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

	Year ending 31 December					
	2009	2010	2011	2012	2013	**2014**
Total remuneration (€'000)	636	826	808	800	1,381	**€1,740**
Annual bonus (%)	54%	48%	34%	150%[1]	150%	**200%**
LTIP vesting (%)[2]	–	–	–	–	–	**–**

(1) For the financial year ended 31 December 2012, Mor Weizer decided in light of his overall aggregate remuneration, to waive approximately three-quarters of his earned bonus for that year.

(2) As awards previously granted were share options without performance conditions, under the Regulations they are not required to be shown in this table.

Percentage change in remuneration of Chief Executive Officer

In the financial year ended 31 December 2014, Mor Weizer received no increase in salary or taxable benefits but was awarded an exceptional bonus of 200% of salary compared with 150% of salary in the year ended 31 December 2013. The average percentage changes for all UK-based full-time employees were 1% salary increase, 10% decrease in benefits and 2% increase in bonus payments respectively. The UK workforce was chosen as a comparator group as the Remuneration Committee looks to benchmark the remuneration of the Chief Executive Officer with reference mainly to the UK market (albeit that he has a global role and responsibilities, and remuneration packages across the Group vary widely depending on local market practises and conditions). As noted above, Mr Weizer has received a salary increase effective 1 January 2015 although the Committee believes his salary remains below the mid-market position.

Relative importance of spend on pay

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

Pay-outs (€m)	**2014 €m**	2013 €m	Change %
Dividends[1, 2]	**76.3**	188.5	(60%)
Share buy-backs	**–**	–	n/a
Total employee remuneration[3]	**157.9**	122.8	29%

(1) Consistent with the disclosure last year, the total dividend in respect of the year ended 31 December 2013 includes the special dividend declared as a second interim dividend in respect of the financial year ended 31 December 2013 of 34.1 pence sterling per share on 20 February 2014.

(2) The total dividend in respect of the year ended 31 December 2014 is calculated on the basis that the shareholders approve the proposed final dividends of 17.5 € cents per share.

(3) Total employee remuneration for continuing and discontinued operations, includes wages and salaries, social security costs, share-based payments and pension costs for all employees, including the Directors. The average number of employees, including Executive Directors and part-time employees in continuing and discontinued operations was 3,972 during the financial year to 31 December 2014.

Directors' interests in options (Audited)

Director	**Number of options at 1 January 2014[1, 2]**	Date of grant	Exercise price	Exercised during the year[3, 4]	**Number of options at 31 December 2014**	Expiry of exercise period
Mor Weizer	**–**	–	–	–	**–**	–
Ron Hoffman	**25,000**	18 April 2010	£5.12	25,000	**–**	–
	32,500	11 March 2011	£3.52	32,500	**–**	–

(1) Shared options are granted for nil consideration.

(2) These options were granted in accordance with the Rules of the Playtech 2005 Global Share Option Plan (the "Option Plan"). Options under the Option Plan are granted at market value and in the case of Executive Directors exclusively and the options vest and become exercisable on the third anniversary of the relevant grant date. Unexercised options expire 10 years after the date of grant, unless the relevant employee leaves the Group's employment, in which case the unvested options lapse and any vested options lapse three months after the date that the employment ends. It is not intended that the Option Plan will be used for future share option grants for Executive Directors or for members of senior management. A new long-term incentive plan share was adopted by the Group in 2012. To date, no awards have been made to the Executive Directors thereunder to date.

(3) Ron Hoffman exercised 57,500 options on 28 August 2014. The exercise was satisfied through the sale of an equivalent number of shares from the Group's Employee Benefit Trust, resulting in an aggregate cash payment to Mr Hoffman of £165,919.

(4) The closing share price on 31 December 2014 was 689 pence and the share price ranged between 570.5 pence and 847.5 pence during the year.

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

Directors' interests in Ordinary Shares (Audited)

Director	Ordinary Shares 2014	Ordinary Shares 2013	Share options 2014	Share options 2013	Total interests at 31 December 2014
Executive Directors[1]					
Mor Weizer	**36,000**	–	**–**	–	**36,000**
Ron Hoffman	**10,000**	–	**–**	57,500[1]	**10,000**
Non-executive Directors[2]					
Alan Jackson	**15,000**	5,000	**–**	–	**15,000**
Andrew Thomas	**7,500**	7,500	**–**	–	**7,500**
Hilary Stewart-Jones	**–**	–	**–**	–	**–**

(1) Mor Weizer and Ron Hoffman currently hold shares to the value of 55% and 23% of salary (based on Mor's salary as of 31 December 2014) respectively based on the closing share price on 31 December 2014. The shares were acquired on 5 March 2014 at a price of 725 pence per share. The Committee encouraged the Executive Directors to purchase these shares and will continue to monitor progress towards the share ownership guidelines of 100% of salary.

(2) Alan Jackson acquired 10,000 shares on 13 March 2014 at a price of 707 pence per share.

Role and membership

The Remuneration Committee is comprised entirely of three independent Non-executive Directors as defined in the Code. The Committee was chaired by Hilary Stewart-Jones. The other members are Andrew Thomas and Alan Jackson. Details of attendance at the Remuneration Committee are set out on page 38 and their biographies and experience on pages 32 and 33.

The Committee operates within agreed terms of reference detailing its authority and responsibilities. The Committee's terms of reference were reviewed at the time of move to a premium listing on the London Stock Exchange and are available for inspection on the Company's website www.playtech.com and include:

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

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

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

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

The Remuneration Committee has a planned schedule of at least four meetings throughout the year, with additional meetings and calls held when necessary. During 2014, the Committee met in person four times and these meetings, together with a number of conference calls, addressed a wide variety of issues, including:

Month	Principal activity
January	• Approving bonus and other incentivisation arrangements in relation to certain members of senior management
February	• To approve the Group's Remuneration Policy • To approve the annual bonus payments to be made to the Executive Directors and set financial targets for 2014 bonuses
March	• Approving the establishment of an Employee Benefit Trust and a related purchase of 5,517,214 shares in the Company at 725 pence per share
December	• Approval of salary increases for certain members of senior management (including the CEO and the CFO) • Approval of grant of nil cost options for a limited number of Group personnel

External advisers

New Bridge Street (a trading name of Aon Hewitt Limited) is the Committee's independent adviser. New Bridge Street is a member of the Remuneration Consultants Group and is a signatory to its Code of Conduct. New Bridge Street does not provide any other services to the Company. New Bridge Street was paid €43,037 in relation to advice provided during 2014.

Engagement with shareholders and shareholder voting

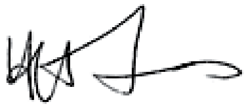
The Remuneration Committee is committed to ensuring open dialogue with shareholders in relation to remuneration and would normally consult with major shareholders regarding any significant future changes to remuneration policy.

The voting outcome at the AGM held on 21 May 2014 in respect of the Directors' Remuneration Report for the year ended 31 December 2013 was as follows:

	For	Against	Withheld
Approval of Remuneration Report	233,546,386 (99.40%)	1,404,358 (0.60%)	386,722
Approval of Remuneration Policy	226,475,529 (96.40%)	8,457,116 (3.60%)	404,821

At 20 May 2014, the issued share capital of the Company was 293,492,617 Ordinary Shares of no par value.

By order of the Board



Hilary Stewart-Jones
Chair of the Remuneration Committee

26 February 2015

Directors' Report

The Directors are pleased to present to shareholders their report and the audited financial statements for the year ended 31 December 2014.

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

The following also form part of this report:

- the reports on corporate governance set out on pages 32 to 66;
- information relating to financial instruments, as provided in the Notes to the financial statements; and
- related party transactions as set out in the Notes to the financial statements.

Annual Report and Accounts

The Directors are aware of the responsibilities in respect of the Annual Report. The Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Statement of Directors' Responsibilities appears on pages 65 and 66.

Principal activities and business review

The Group's principal activities are the development and licensing of software and the provision of ancillary services for the online and land-based gambling industries. Playtech plc is a public listed company, with a premium listing on the Main Market of the London Stock Exchange. It is incorporated and domiciled in the Isle of Man.

The information that fulfils the requirement for a management report as required by Rule 4.1.5 of the Disclosure and Transparency Rules applicable to the Group can be found in the Strategic Report on pages 1 to 31, which also includes an analysis, the development, performance and position of the Group's business. A statement of the key risks and uncertainties facing the business of the Group at the end of the year is found on pages 25 to 27 of this Annual Report and details of the policies and the use of financial instruments is set out in Note 2 to the financial statements.

Details of all important post-balance sheet events affecting the Group are set out in Note 29 to the financial statements.

Directors and Directors' indemnity

The Directors of the Company who held office during the 2014 year and to date are:

	Appointed	Resigned
Alan Jackson	28.03.2006	–
Mor Weizer	02.05.2007	–
Andrew Thomas	19.06 2012	–
Ron Hoffman	31.12.2012	–
Hilary Stewart-Jones	09.10.2013	–

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

Save as set out in Note 26 to the financial statements, no Director had a material interest in any significant contract, other than a service contract or contract for services, with the Company or any of its operating companies at any time during the year.

As at the date of this report, an indemnity is in place under which the Company has agreed to indemnify Alan Jackson who held office during the year ended 31 December 2014, to the extent permitted by law and by the Company's articles of association, in respect of all liabilities incurred in connection with the performance of his duties as a Director of the Company or its subsidiaries. A copy of the indemnity is available for review at the Company's registered office. The Company also purchased, and maintained throughout 2014, Directors' and Officers' Liability in respect of itself and its Directors.

Corporate governance statement

The Disclosure and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 32 to 66 and is incorporated into this report by reference.

Disclaimer

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

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

Results and dividend

The results of the Group for the year ended 31 December 2014 are set out on pages 73 to 109. On 26 February 2015, the Board recommended the payment of a final dividend for the year ended 31 December 2014 of 17.5 € cents per share which will be paid to shareholders on the register as at 8 May 2015. The payment of the final dividend requires shareholder approval which will be sought at the Company's annual general meeting to be held at the Sefton Hotel, Douglas, Isle of Man on 20 May 2015. If approved, the final dividend will be paid on 5 June 2015 and together with the interim dividend of 8.9 € cents per share paid on 27 October 2014 makes a total dividend (expressed in euros) of 26.4 € cents per share for the year.

Shareholders who wish to receive their final dividend in sterling rather than euros will be required to return currency election forms to the Company's registrars by 15 May 2015. Currency election forms are contained with the notice of annual general meeting that accompanies the Annual Report and further copies available from the Company's website www.playtech.com.

Going concern, responsibilities and disclosure

The current activities of the Group and those factors likely to affect its future development, together with a description of its financial position, are described in the Strategic Report. Principal risks and uncertainties affecting the Group, and the steps taken to mitigate these risks are described on pages 25 to 27. Critical accounting estimates affecting the carrying values of assets and liabilities of the Group are discussed in Note 3 to the financial statements.

After making appropriate enquiries and having regard to the Group's cash balances and normal business planning and control procedures, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. In making this assessment, the Directors considered the going concern status for a period in excess of 12 months from the date of signing this report. For this reason, the Directors continue to adopt the going concern basis in preparing the accounts.

Significant shareholdings

As of 31 January 2015 the Company had been advised of the following significant shareholders each holding more than 3% of the Company's issued share capital, based on 293,492,617 Ordinary Shares in issue:

Shareholder	%	No. of Ordinary Shares
Brickington Trading Limited	33.6	98,645,782
Standard Life Investments	3.9	11,422,906
Greenlight Capital	3.8	11,029,476
Legal and General Investment Mgt	3.3	9,722,373
Newton Investment Mgt	3.0	8,844,083

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

The Company has not been notified of any changes to the above shareholders between 31 January 2015 and the date of this report.

Capital structure

As at 31 December 2014 and 31 January 2015, the Company had 293,492,617 issued shares of no par value. The Company has one class of Ordinary Share and each share carries the right to one vote at general meetings of the Company and to participate in any dividends declared in accordance with the articles of association. No person has any special rights of control over the Company's share capital.

The authorities under the Company's articles of association granted at the last annual general meeting for the Directors to issue new shares for cash and purchase its own shares remain valid until the forthcoming annual general meeting when it is intended that a resolution will be put forward to shareholders to renew the authority for the Company to issue shares for cash and purchase its own shares. The Company did not acquire any of its own shares during the year. However, Roxwell Investments Limited (a wholly owned subsidiary of the Company) in its capacity as the initial trustee of the Playtech Employee Benefit Trust acquired 5,517,241 Ordinary Shares on 5 March 2014.

Articles of association

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

Voting rights

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

Restrictions on voting

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

Transfer

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

Amendment of the Company's articles of association

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

Appointment and removal of Directors

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

Powers of Directors

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

Appointment of Directors

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

Retirement of Directors

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

Removal of Directors

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

Significant agreements

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

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

Related party transactions

Details of all related party transactions are set out in Note 26 to the financial statements. Internal controls are in place to ensure that any related party transactions involving Directors or their connected persons are carried out on an arm's length basis and are disclosed in the financial statements.

Political and charitable donations

During the year ended 31 December 2014, the Group made charitable donations of €203,288, primarily to charities that fund research into and treatment of problem gambling but also to a variety of charities operating in countries in which the Company's subsidiaries are based.

The Group made no political donations during this period (2013: nil).

Sustainability and employees

Information with respect to the Group's impact on the environment and other matters concerning sustainability can be found on pages 28 to 31. Applications for employment by disabled persons are always fully and fairly considered, bearing in mind the aptitude and ability of the applicant concerned. The Group places considerable value on the involvement of its employees and has continued to keep them informed of matters affecting them as employees and on the performance of the Group and has run information days for employees in different locations across the Group during the year. Some employees are stakeholders in the Company through participation in share option plans. Information provided by the Company pursuant to the Disclosure and Transparency Rules is publicly available via the regulatory information services and the Company's website, www.playtech.com.

Branches

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

Regulatory disclosures

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

The DTRs also require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Governance Report on pages 34 to 42 and is incorporated into this Directors' Report by reference.

Disclosure table pursuant to Listing Rule 9.8.4C

Listing Rule	Information included	Disclosure
9.8.4(1)	Interest capitalised by the Group	None
9.8.4(2)	Unaudited financial information	None
9.8.4(4)	Long-term incentive scheme only involving a Director	None
9.8.4(5)	Directors' waivers of emoluments	None
9.8.4(6)	Directors' waiver of future emoluments	None
9.8.4(7)	Non pro-rata allotments for cash	None
9.8.4(8)	Non pro-rata allotments for cash by major subsidiaries	None
9.8.4(9)	Listed company is a subsidiary of another	Not applicable
9.8.4(10)	Contracts of significance involving a Director	None
9.8.4(11)	Contracts of significance involving a controlling shareholder	Note 26 to of the financial statements sets out details of transactions with the controlling shareholder as a related party
9.8.4(12)	Waivers of dividends	None
9.8.4(12)	Waivers of future dividends	None
9.8.4(14)	Agreement with a controlling shareholder	See disclosure against LR 9.8.4 (11)

Additional information provided pursuant to LR9.8.6

Listing Rule	Information included	Disclosure
9.8.6(1)	Interests of Directors (and their connected persons) in the shares of the Company at the year end and not more than one month prior to the date of the notice of AGM	See page 58
9.8.6(2)	Interests in Playtech shares disclosed under DTR5 at the year end and at not more than one month prior to the date of the notice of AGM	See page 61
9.8.6(3)	The going concern statement	See page 61
9.8.6(4)(a)	Amount of the authority to purchase own shares available at the year end	29,349,261 Ordinary Shares which authority will expire at the AGM and not be renewed
9.8.6(4)(b)	Off market purchases of own shares during the year	None
9.8.6(4)(c)	Off market purchases of own shares after the year-end	None
9.8.6(4)(d)	Non pro-rata sales of treasury shares during the year	None
9.8.6(5)	Compliance with the main principles of the UK Corporate Governance Code	See the statement on page 35
9.8.6(6)	Details of non-compliance with the UK Corporate Governance Code	See the statement on page 35
9.8.6(7)	Re Directors proposed for re-election: the unexpired term of their service contract and a statement about Directors without a service contract	Detail of the Executive Directors service contracts are given in the Directors' Remuneration Report on pages 50 and 51 The Chairman and the Non-executive Directors serve under letters of appointment described on page 51

Additional information under Rule 4.1 of the Disclosure and Transparency Rules

DTR	Requirement	How fulfilled
4.1.3	Publication of Annual Financial Report within four months of the end of the financial year	This document is dated 26 February 2015 being a date less than four months after the year end
4.1.5	Content of Annual Financial Report	The audited financial statements are set out on page 67 to page 109 The information that fulfils the requirement for a management report can be found in the Strategic Report on pages 1 to 31 The Statement of Directors' Responsibilities can be found on pages 65 and 66
4.1.5	Audited financial statements	The audited financial statements set out on page 67 to page 109 comprise consolidated accounts prepared in accordance with IFRS and the accounts of the Company
4.1.6	Auditing of financial statements	The financial statements have been audited by BDO LLP
4.1.8 & 4.1.9	Content of management report	The Strategic Report on pages 1 to 31, includes an analysis, using financial key performance indicators, of the development, performance and position of the Company's business, a review of the Company's business and on pages 25 to 27 a description of the principal risk and uncertainties
4.1.11(1)	Important events since the year end	See Note 29 to the audited financial statements on page 108
4.1.11(2)	Future development	The Strategic Report on pages 1 to 31, gives an indication of the likely future development of the Company
4.1.11(3)	Research & development	The Strategic Report on pages 1 to 31, gives an indication of ongoing research and development activities
4.1.11(4)	Purchase of own shares	See disclosure pursuant to LR9.8.6(4) above
4.1.11(5)	Branch offices	See the statement on page 63
4.1.11(6)	Use of financial instruments	See note 2 to the audited financial statements on pages 78 to 84
4.1.12 & 13	Responsibility statement	See the statement of the Directors on page 65 below and page 66.

Statement of Directors' Responsibilities

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

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

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

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Website publication

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

Directors' responsibilities pursuant to DTR4

Each of the Directors, whose names and functions are listed within the Governance section on pages 32 and 33 confirm that, to the best of their knowledge:

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

Annual general meeting

The annual general meeting in 2014 was held in May in Douglas, Isle of Man. With the exception of Hilary Stewart-Jones, who was representing the Company at an industry conference, all Directors were present and made themselves available to answer questions from shareholders. The annual general meeting provides an opportunity for the Directors to communicate personally performance and future strategy to non-institutional shareholders and for those shareholders to meet with and question the Board. All Directors plan to be present at the 2015 annual general meeting. All results of proxy votes are read out, made available for review at the meeting, recorded in the minutes of the meeting and communicated to the market and via the Group website.

The annual general meeting for 2015 will be held at the Sefton Hotel, Douglas, Isle of Man, IM1 2RW on Wednesday 20 May 2015 at 10.00 am. The notice convening the annual general meeting for this year, and an explanation of the items of non-routine business are set out in the circular that accompanies the Annual Report.

Auditors

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

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

Approved by the Board and signed on behalf of the Board

Ron Hoffman
Chief Financial Officer

26 February 2015

Independent Auditor’s Report to the members of Playtech plc

Opinion on financial statements of Playtech plc

In our opinion:

- The financial statements give a true and fair view of the state of the Group’s and the parent company’s affairs as at 31 December 2014 and of the Group’s profit for the year then ended;
- The Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union; and
- The parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Isle of Man Companies Act 2006.

We have audited the financial statements of Playtech plc for the year ended 31 December 2014 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statements of changes in equity, the consolidated and parent company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Our assessment of risks of material misstatement

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

The risks of material misstatement that had the greatest effect on our Group audit in the current year are noted below. This is not a complete list of all risks or areas of audit focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on pages 43 to 45:

Title	Risk	Response
Revenue recognition	Details of the accounting policies applied in respect of the various income streams earned by the Group are given in Note 2 to the financial statements. Management makes certain judgements around the timing of revenue recognition and the treatment of contractual arrangements for revenue streams entered into. The risk is in relation to the misstatement of revenue in respect of amounts receivable relating to the share of net gambling revenue of customers and other revenue.	We assessed the design and implementation of the controls over the Group’s main gambling systems. This included conducting test bets and assessing the reconciliation between the main gaming systems and the finance systems. We performed analytical procedures and tested a sample of amounts recorded as revenue to ensure that the revenue had been recognised in accordance with the Group’s accounting policy. We reviewed key contracts to assess whether the revenue had been recognised in accordance with the Group’s accounting policy and whether any other terms within the contract had any material accounting or disclosure implications. We assessed whether the revenue recognition policies adopted by the Group comply with IFRS as adopted by the European Union and Industry standards.

Independent Auditor's Report to the members of Playtech plc
continued

Title	Risk	Response
Capitalisation of software development costs	Under IAS 38 Intangible Assets, costs arising that meet the specified criteria must be capitalised and amortised over the asset's useful economic life from the date the asset is available for use. For all intangible assets capitalised, management must be able to demonstrate the assets meet the criteria set out in IAS 38. If amounts are incorrectly capitalised there is a risk of material misstatement in the carrying value of these assets.	In respect of additions to capitalised development costs, we assessed the design and implementation of the controls in respect of the capitalisation of intangible assets. We tested a sample of capitalised costs to supporting documentation and challenged the assessment by management as to whether the project spend met all the recognition criteria set out in IAS 38. We considered the disclosures made in the financial statements.
Impairment of goodwill, capitalised development costs and other intangibles	In accordance with IAS 36 the Group monitors the carrying value of goodwill and other intangibles for indications of impairment. The Group also performs annual impairment reviews for indefinite life intangible assets and for capitalised development costs relating to projects not launched as at the year end. Impairment reviews require significant judgement from management and are inherently based on assumptions in respect of future profitability. If the carrying value of these assets exceed their recoverable amount there is a risk of material misstatement in the carrying value of these assets.	We considered whether there were any indications of impairment in respect of intangible assets. We challenged the appropriateness of the key assumptions used in the discounted cash flow models prepared by management to assess the potential impairment of indefinite life intangible assets. Our challenge was based on our assessment of the historical accuracy of the Group's estimates in previous periods, our understanding of the commercial prospects of the assets, identification and analysis of changes in assumptions from prior periods and an assessment of the consistency of assumptions across the impairment reviews. IAS 36 also requires management to test intangible assets not yet available for use (such as projects in development) for impairment. We selected a sample of projects not yet launched at the balance sheet date and confirmed that there remains a future intent to launch. Further to this we reviewed the results of management's impairment review of these assets on a portfolio basis.

Title	Risk	Response
Legal and regulatory	Given the developing nature of the regulatory conditions of the gambling sector in many countries across the world, there is a risk that potential material legal or regulatory matters are not disclosed or provided for. The Group have compliance obligations that range from administration of their licences to assessing the impact of Country-specific and pan-regional rules and regulations on its business. The Group makes certain provisions and disclosures required under IFRS for outstanding legal and regulatory disputes based on management's best estimate of where there is a probable outflow of economic benefits. Where the Group do not consider the likelihood of a provision being probable, the Group will disclose the existence of a contingent liability (unless that likelihood of occurrence is considered to be remote when no disclosure is required).	We considered how the Group monitors legal and regulatory developments and their assessment of the potential impact on the business, and also considered the internal and external advice taken in respect of these developments. We discussed with the Group's Compliance and Legal department whether there were any known instances of material breaches in regulatory and licence compliance that required disclosure or required provisions to be made in the financial statements. We discussed the assertions of the Group's Compliance and Legal department with the Group's principal legal advisers. We also reviewed disclosures prepared by the Group in respect of contingent liabilities.
Related party transactions	There is a risk that disclosures in respect of related party transactions are incomplete or that the assertion that the related party transactions are on an arm's length basis is unsupported.	We assessed the design and implementation of the Group's policies and procedures in respect of the capturing of related party transactions. We obtained a list of related parties from management and ensured all transactions and balances with those entities were disclosed in accordance with IAS 24, including consideration of whether material transactions were correctly disclosed as being on an arm's length basis. We selected a sample of contracts entered into by the Group and enquired as to how management had determined whether the transaction was with a related party.

Independent Auditor's Report to the members of Playtech plc
continued

Title	Risk	Response
Taxation	The international nature of the Playtech Group requires management judgement with regard to the assessment and interpretation of national and international tax laws. The risk identified is that Group tax liabilities are potentially understated.	We discussed with management how they manage, control and operate Group companies in the countries in which they are registered. This included how the Group considers tax as part of the overall business planning and how they monitor the rules and practices governing the taxation of e-commerce activity that is evolving in many countries. We liaised with our own tax specialists in the different jurisdictions in which Playtech has significant presence to assess the provisioning for current and deferred taxes. As part of this we considered if any significant changes had occurred since the latest externally prepared advice received by management with regard to any exposure to taxation in the major territories in which the Group operates, and any correspondence from tax authorities in those territories, of which there was none. The latest externally prepared advice was presented in 2013. We also considered the latest transfer pricing studies carried out on behalf of the Group in the period, and assessed, in respect of earlier studies, whether there had been any change in the basis of operations in the relevant territories. We challenged the assessments made by management, where needed, and reviewed the disclosures prepared by the Group for the tax provisions and contingent liabilities.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

We determined planning materiality for the financial statements as a whole to be €10.4 million which was subsequently revised to €10.35 million based on final financial information. In determining this, we based our assessment on a level of 5% of adjusted EBITDA. We agreed with the Audit Committee that we would report to the Committee all audit differences individually in excess of €207K. We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our Group audit

At the planning stage of the audit, we reviewed the consolidated results to date analysed by subsidiary location. In accordance with ISA 600 Special Considerations – Audit of Group Financial Statements (including the work of component auditors) we requested that component auditors for components that were deemed significant components (defined as those that were greater than 15% of the Group materiality figure which is based on adjusted EBITDA) perform audits to component materiality set by the Group audit team under Group instructions and reporting. Other locations that did not meet these criteria were asked to perform review procedures or specific scope procedures on certain balances (such as payroll) based on their relative size, risks in the business and our knowledge of those entities. The materiality for group reporting for components performing audits or reviews to the Group was €5.2 million and €2.6 million respectively.

In order to gain appropriate audit coverage of the risks described above and of each individually significant reporting component:

(a) audits were undertaken by the Group audit team of all significant components;

(b) review and specific scope procedures were undertaken by the Group audit team and BDO member firms of a further 24 components;

(c) review and specific scope procedures were performed by non-BDO member firms of further four reporting components.

Together these covered 97% of adjusted EBITDA and 91% of total assets.

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

Based on the above scope we were able to conclude whether sufficient appropriate audit evidence had been obtained as a basis of our opinion on the Group financial statements as a whole.

Matters on which we are required to report by exception

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

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

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

Under the Listing Rules we are required to review the part of the corporate governance statement on page 35 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Independent Auditor's Report to the members of Playtech plc
continued

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on pages 65 and 66, the Directors are responsible for preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements and in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

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

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

Our report is made solely to the Company's members, as a body, in accordance with section 80C of the Isle of Man Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Campbell

For and on behalf of BDO LLP
Chartered Accountants
London
United Kingdom

26 February 2015

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

Consolidated statement of comprehensive income

For the year ended 31 December 2014

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

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

Consolidated statement of changes in equity

For the year ended 31 December 2014

	Additional paid in capital €'000	Available-for-sale reserve €'000	Retained earnings €'000	Employee Benefit Trust €'000	Convertible bond option reserve €'000	Total attributable to equity holders of parent €'000	Non-controlling interest €'000	Total equity €'000
Balance at 1 Jan 2014	323,187	1,578	596,256	–	–	921,021	–	921,021
Changes in equity for the year								
Total comprehensive income for the year	–	(774)	140,327	–	–	139,553	391	139,944
Dividend paid	–	–	(192,258)	–	–	(192,258)	–	(192,258)
Purchase of Employee Benefit Trust	–	–	–	(48,545)	–	(48,545)	–	(48,545)
Exercise of options	1,587	–	(6,292)	12,391	–	7,686	–	7,686
Issue of convertible bonds	–	–	–	–	45,392	45,392	–	45,392
Purchase of share options	–	–	(706)	–	–	(706)	–	(706)
Employee stock option scheme	–	–	365	–	–	365	–	365
Acquisition of minority interest	–	–	–	–	–	–	284	284
Balance at 31 December 2014	**324,774**	**804**	**537,692**	**(36,154)**	**45,392**	**872,508**	**675**	**873,183**
Balance at 1 Jan 2013	310,469	17,222	186,359	–	–	514,050	125	514,175
Changes in equity for the year								
Total comprehensive income for the year	–	(15,644)	488,578	–	–	472,934	181	473,115
Dividend paid	–	–	(67,872)	–	–	(67,872)	–	(67,872)
Exercise of options	12,718	–	–	–	–	12,718	–	12,718
Purchase of share options	–	–	(12,135)	–	–	(12,135)	–	(12,135)
Employee stock option scheme	–	–	1,326	–	–	1,326	–	1,326
Acquisition of minority interest	–	–	–	–	–	–	(306)	(306)
Balance at 31 December 2013	323,187	1,578	596,256	–	–	921,021	–	921,021

Consolidated balance sheet

As at 31 December 2014

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

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

Mor Weizer
Chief Executive Officer

Ron Hoffman
Chief Financial Officer

Consolidated statement of cash flows

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

	2014 €'000	2013 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	**9,665**	9,662
Amortisation, including amortisation of intangibles in associate	**60,125**	49,121
Income from associate	**–**	(18,086)
Share of loss from joint ventures	**92**	2,506
Share of loss from associates	**695**	–
Gain on sale of available-for-sale investments	**–**	(31,088)
Gain on sale of investment in associate	**–**	(340,819)
Decline in fair value of available-for-sale investment	**8,668**	4,127
Interest expenses on convertible bonds	**1,287**	–
Income tax expense	**2,923**	2,498
Employee stock option plan expenses	**364**	1,326
Movement in deferred and contingent consideration	**438**	2,864
Exchange gains on cash and cash equivalents	**(16,046)**	(6,884)
Other	**170**	(71)
Changes in operating assets and liabilities:		
Increase in trade receivables	**74**	10,340
Increase/(decrease) in other receivables	**5,166**	(1,655)
(Decrease)/increase in trade payables	**(4,835)**	6,998
Increase in progressive, operators jackpot and security deposits	**12,018**	16,937
Increase in other payables	**7,003**	751
Decrease in deferred revenues	**(1,965)**	(966)
	85,842	(292,439)

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

Notes to the financial statements

Note 1 – General

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

Playtech plc and its subsidiaries (the "Group") develop unified software platforms for the online and land-based gambling industry, targeting online and land-based operators. Playtech's gaming applications – online casino, poker and other P2P games, bingo, mobile, live gaming, land-based terminal and fixed-odds games – are fully inter-compatible and can be freely incorporated as stand-alone applications, accessed and funded by the operators' players through the same user account and managed by the operator by means of a single, powerful management interface.

Basis of preparation

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

Note 2 – Significant accounting policies

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

Accounting principles

This financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting standards and interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). In the current year the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on 1 January 2014.

New standards, interpretations and amendments effective from 1 January 2014

The following key new standards, interpretations and amendments, applied for the first time from 1 January 2014:

- IFRS 10 Consolidated Financial Information
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- The related revisions to IAS 27 Separate Financial Statements for the above
- The related revisions to IAS 28 Investments in Associates and Joint Ventures for the above

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

Foreign currency

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

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

Basis of consolidation

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

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

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

Revenue recognition

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

Royalty income

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

Fixed-fee income

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

Fixed-term arrangements

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

Distribution costs

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

Share-based payments

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

Income taxes and deferred taxation

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

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

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

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

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

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

Dividend distribution

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

Property, plant and equipment

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

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

	%
Computers and gaming machines	33
Office furniture and equipment	7–20
Building and leasehold improvements	10–20, or over the length of the lease
Motor vehicles	15

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

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

Business combinations

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

Investments in subsidiary undertakings

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

Intangible assets

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

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

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

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

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

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

Goodwill

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

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

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

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

Impairment

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

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

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

Associates

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

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

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

Joint ventures

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

The Group classifies its interests in joint arrangements as either:

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

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

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

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

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

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

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

Financial assets

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

Loans and receivables

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

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

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

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

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

Available-for-sale financial assets

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

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

Financial liabilities

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

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

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

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

Fair value measurement hierarchy

IFRS 7 requires certain disclosure which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see Note 28). 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 14 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 12 months from balance sheet date.

Provisions

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

Leases

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

Non-controlling interests

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

Adjusted results

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

Such exclusions include:

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

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

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

A full reconciliation of adjustments is included in Note 5.

Note 3 – Critical accounting estimates and judgements

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

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

Estimates and assumptions

Impairment of goodwill and other intangibles

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

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

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

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

Legal proceedings and contingent liabilities

Management regularly monitors the key risks affecting the Group, including the regulatory environment in which the Group operates. A provision will be made where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the Notes to the financial information. More details are included in Note 30.

Income taxes

The Group is subject to income tax in jurisdictions in which it is registered and judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. More details are included in Note 8.

Structured agreements

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

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

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

Share-based payments

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

Determination of fair value of intangible assets acquired

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

Determination of the fair value of contingent consideration

The fair value of contingent consideration is based on the probability of expected cash flow outcomes and the assessment of present values using appropriate discount rates. Further information in relation to the determination of the fair value of contingent consideration is given in Note 24 and 25.

Note 4 – Segment information

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

Management review the performance of the Group by reference to Group-wide profit measures and the revenues derived from six (2013: six) main product groupings:

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

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

There is no allocation of operating expenses, profit measures, assets and liabilities to individual product groupings. Accordingly the disclosures below are provided on an entity-wide basis.

Revenue by product

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

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

Geographical analysis of revenues by jurisdiction of gaming license

Analysis by geographical regions is made according to the jurisdiction of the gaming licence of the licensee. This does not reflect the region of the end users of the Group's licensees whose locations are worldwide.

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

Geographical analysis of non-current assets

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

Note 5 – Adjusted items

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

	2014 €'000	2013 €'000
Distribution costs before depreciation and amortisation – actual	**211,756**	178,965
Employee stock option expenses	**(314)**	(1,062)
Adjusted distribution costs before depreciation and amortisation	**211,442**	177,903
Administrative expenses before depreciation and amortisation	**47,321**	34,478
Employee stock option expenses	**(50)**	(264)
Professional fees on acquisitions	**(212)**	(208)
Decline in fair value of available-for-sale investment	**(8,668)**	(4,127)
Total adjusted items	**(8,930)**	(4,599)
Adjusted administrative expenses before depreciation and amortisation	**38,391**	29,879
Depreciation – distribution costs	**8,300**	8,243
Depreciation – administrative costs	**1,365**	1,419
Amortisation – distribution costs	**60,125**	49,121
Total depreciation and amortisation	**69,790**	58,783
Amortisation of intangibles on acquisitions – distribution costs	**(39,057)**	(38,196)
Amortisation of intangibles in associate	**–**	1,671
Adjusted depreciation and amortisation	**30,733**	18,916
EBITDA	**197,903**	543,756
Decline in fair value of available-for-sale investments	**8,668**	4,127
Employee stock option expenses	**364**	1,326
Professional expenses on acquisitions	**212**	208
Gain on sale of investment in associates	**–**	(340,819)
Gain on sale of available-for-sale investments	**–**	(31,088)
Income from associates	**–**	(18,086)
Adjusted EBITDA	**207,147**	159,424
EBITDA related to acquisitions	**(13,929)**	(6,684)
Underlying adjusted EBITDA	**193,218**	152,740
Profit for the year – attributable to owners of parent	**140,327**	488,578
Amortisation of intangibles on acquisitions including amortisation on investment in associates	**39,057**	39,867
Decline in fair value of available-for-sale investments	**8,668**	4,127
Employee stock option expenses	**364**	1,326
Professional expenses on acquisitions	**212**	208
Gain on sale of investment in associates	**–**	(340,819)
Gain on sale of available-for-sale investments	**–**	(31,088)
Non-cash accrued bond interest	**1,113**	–
Movement in deferred and contingent consideration	**439**	2,862
Provision against irrecoverable cash	**593**	1,330
Income from associates	**–**	(18,086)
Adjusted profit for the year – attributable to owners of the parent	**190,773**	148,305
Adjusted net profit related to acquisitions	**(12,394)**	(5,842)
One-off adjustment to amortisation of intangibles	**3,119**	(3,165)
Underlying adjusted profit for the year – attributable to owners of the parent	**181,498**	139,298

Note 6 – EBITDA

EBITDA is stated after charging:

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

Note 7 – Financing income and costs

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

Note 8 – Taxation

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

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

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

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

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

Note 9 – Earnings per share

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

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

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

As at 31 December 2014, out of the entire share options outstanding 10,667 (2013: 4,616,691) have been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. they are out of the money) and therefore it would not be advantageous for the holders to exercise those options. The total number of options in issue is disclosed in Note 10.

Note 10 – Employee benefits

Total staff costs comprise the following:

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

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

- Playtech 2005 Share Option Plan ("the Plan") and Israeli plans, options granted under the plans vest on the first day on which they become exercisable which is typically between one to four years after grant date.
- GTS 2010 Company Share Option Plan ("CSOP"), options granted under the plan vest on the first day on which they become exercisable which is three years after grant date.

The overall term of the ESOP is five to 10 years. These options are settled in equity once exercised. Option prices are either denominated in USD or GBP, depending on the option grant terms.

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

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

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

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

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

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

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

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

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

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

Note 11 – Property, plant and equipment

	Computers and gaming machines €'000	Office furniture and equipment €'000	Motor vehicles €'000	Building and leasehold improvements €'000	Total €'000
Cost					
At 1 January 2013	30,954	1,981	303	8,057	41,295
Additions	9,133	693	143	718	10,687
Acquired through business combinations	187	249	129	134	699
Disposals	(697)	(38)	(84)	–	(819)
At 31 December 2013	39,577	2,885	491	8,909	51,862
Accumulated depreciation					
At 1 January 2013	18,931	744	144	1,172	20,991
Charge	8,481	369	61	751	9,662
Disposals	(517)	(40)	(69)	–	(626)
At 31 December 2013	26,895	1,073	136	1,923	30,027
Net Book Value					
At 31 December 2013	12,682	1,812	355	6,986	21,835
At 31 December 2012	12,023	1,237	159	6,885	20,304

	Computers and gaming machines €'000	**Office furniture and equipment €'000**	**Motor vehicles €'000**	**Building and leasehold 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**

Note 12 – Intangible assets

	Patents, Domain names and licence €'000	Technology IP €'000	Development costs €'000	Customer list and affiliates €'000	Goodwill €'000	Total €'000
Cost						
As of 1 January 2013	15,585	17,943	46,736	197,357	182,227	459,848
Additions	5,406	1,411	19,778	–	–	26,595
Assets acquired on previous year's business combinations	–	–	–	–	(98)	(98)
Assets acquired on business combinations	1,585	1,527	–	23,496	15,079	41,687
As of 31 December 2013	22,576	20,881	66,514	220,853	197,208	528,032
Accumulated amortisation						
As of 1 January 2013	3,628	7,875	21,705	54,253	–	87,461
Provision	3,054	2,471	6,910	35,015	–	47,450
As of 31 December 2013	6,682	10,346	28,615	89,268	–	134,911
Net Book Value						
As of 31 December 2013	15,894	10,535	37,899	131,585	197,208	393,121
As of 31 December 2012	11,957	10,068	25,031	143,104	182,227	372,387

	Patents, Domain names and licence €'000	**Technology IP €'000**	**Development costs €'000**	**Customer list and 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**

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

Management believes that Domain names, with a carrying value of €0.2 million (2013: €0.2 million) have an indefinite life due to their nature. Amortisation of intangible assets is included in distribution costs.

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to 12 (2013: nine) cash generating units ("CGU"). Management determines which of those CGUs are significant in relation to the total carrying value of goodwill as follows:

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

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

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

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a four-year period to 31 December 2018. Beyond this period, management has applied an annual growth rate of 2% based on the underlying economic environment in which the CGU operates. Management has applied a discount rate to the cash flow projections of 15.0% (2013: 15.2%) for Services, Casino, and two of the other acquisitions, 12.6% (2013: 13.0%) for Aristocrat and 17.4% (2013: nil) for another acquisition in the year.

The results of the review indicated that there was no impairment of goodwill at 31 December 2014. Management has also reviewed the key assumptions and forecasts for the customer lists, brands and affiliates, applying the above same key assumptions. The results of the reviews indicated that there was no impairment of the intangible assets at 31 December 2014.

Note 13 – Investments in equity accounted associates and joint ventures

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

A. Investment in International Terminal Leasing

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

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

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

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

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

B. Investment in associates

Investment in BGO

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

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

Other investments

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

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

Aggregated amounts relating to BGO Limited are as follows:

	2014 €'000
Total non-current assets	**206**
Total current assets	**14,236**
Total current liabilities	**(3,800)**
Revenues	**4,733**
Loss	**(2,203)**

C. Investment in structured agreements

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

Ladbrokes software and services agreement

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

As part of the advisory services agreement, the Group through its marketing division will have significant influence over the financial and operational decision-making of the Ladbrokes digital business. Playtech will receive a share of profit based on the EBITDA performance of the Ladbrokes digital business in the financial year ended 31 December 2017 over and above that achieved in the financial year ended 31 December 2012, as adjusted (the "Base EBITDA"). The profit share will be equal to 27.5% of the increase in adjusted EBITDA multiplied by the then EV/EBITDA multiple of the Ladbrokes Group. Interim instalments fall due on the achievement of uplifts in EBITDA of £35 million, £70 million and £100 million in an earlier year. 75% of any share of profit is payable in cash, with the balance payable in Ladbrokes shares. The Group can elect to receive a greater proportion of the profit share in Ladbrokes shares.

At 31 December 2014 the Group was not entitled to any share of profit.

Note 14 – Available-for-sale investments

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

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

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

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

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

Note 15 – Other non-current assets

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

Note 16 – Trade receivables

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

Note 17 – Other receivables

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

Notes to the financial statements continued

Note 18 – Cash and cash equivalents

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

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

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

Note 19 – Shareholders' equity

A. Share Capital

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

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

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

B. Employee Benefit Trust

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

C. Share options exercised

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

D. Distribution of dividend

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

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

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

E. Reserves

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

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

Note 20 – Convertible bonds

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

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

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

The fair value of the liability component, included in non-current borrowings, at inception was calculated using a market interest rate for an equivalent instrument without conversion option of 4%.

The fair value of the liability component of the Bonds at 31 December 2014 amounted to €247.0 million, which was calculated using cash flow projections discounted at 4%. The fair value of the equity component of the bonds at 31 December 2014 was €45.4 million.

Note 21 – Trade payables

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

Note 22 – Deferred tax liability

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

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

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

Note 23 – Other payables

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

Note 24 – Acquisitions during the year

A. Acquisition of Aristocrat Lotteries

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

The Group paid total cash consideration of €11.7 million, including working capital adjustment.

Up to €1.0 million may be repaid to the Group subject to the number of VLTs on the first anniversary.

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

Adjustments to fair value include the following:

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

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

The key assumptions used by management to determine the value in use of the customer list, IP Technology within Aristocrat's VLT business are as follows:

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

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

B. Other acquisitions

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

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

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

Adjustments to fair value include the following:

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

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

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

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

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

Note 25 – Acquisitions in previous year

A. Acquisition of PokerStrategy

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

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

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

B. Acquisition of assets from The Nation Traffic Ltd.

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

Note 26 – Related parties and shareholders

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

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

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

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

The following transactions arose with related parties:

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

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

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

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

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

During the year Skywind agreement was amended that the licensed materials will be licensed on a perpetual basis but subject to the continuation of the charging arrangements in respect of the licensed material.

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

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

Note 27 – Subsidiaries

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

Name	Country of incorporation	Proportion of voting rights and Ordinary Share capital held	Nature of business
Playtech Software Limited	British Virgin Islands	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management
Evermore Trading Limited	British Virgin Islands	100%	Holding company
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the iPoker® network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies
Techplay S.A. Software Limited	Israel	100%	Develops online software
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
Gaming Technology Solutions Limited	UK	100%	Holding company of VS Gaming and VS Technology
VS Gaming Limited	UK	100%	Develops software and casino games
VS Technology Limited	UK	100%	Develops EdGE platform
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Virtue Fusion CM Limited	UK	100%	Chat moderation services provider to end users of VF licensees

Name	Country of incorporation	Proportion of voting rights and Ordinary Share capital held	Nature of business
Playtech Software (Alderney) Limited	Alderney	100%	To hold the Company's Alderney Gaming licence
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land-based businesses
VF 2011 Limited	Alderney	100%	Holds licence in Alderney for online gaming
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group
PT Turnkey EU Services Limited	Cyprus	100%	Turnkey services for EU online gaming operators
PT Entertenimiento Online EAD	Bulgaria	100%	Poker and 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 and hosting services to online gaming operators
Tech Hosting Limited	Alderney	100%	Alderney hosting services
Paragon International Customer Care Limited	British Virgin Islands and 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 and 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 and cashier to online gaming operators
PT Processing EU Advisory Limited	Cyprus	100%	Advisory services for processing and cashier for EU online gaming operators
PT Network Management Limited	British Virgin Islands	100%	Manages the iPoker® network
Playtech Mobile (Cyprus) Limited	Cyprus	100%	Holds the IP of Mobenga AB
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
Ash Gaming Limited	UK	100%	Develops interactive gambling and betting games
Geneity Limited	UK	100%	Develops sportsbook and lottery software
Factime Limited	Cyprus	100%	Holding company of Juego
Juego Online EAD	Bulgaria	100%	Gaming operator. Holds a licence in Spain
PlayLot Limited	British Virgin Islands	100%	Distributing lottery software
PokerStrategy Ltd.	Gibraltar	100%	Operates poker community business
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat VLTs
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat VLTs
PT Entertainment Services LTD	Antigua	100%	Holding gaming licence in the UK

Note 28 – Financial instruments and risk management

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

A. Interest rate risk

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

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

During the year the Group advanced loans to affiliates and customers for a total amount of €3.1 million (2013: €2.3 million). The average interest on the loans is 5%.

A 1% change in deposit interest rates would impact on the profit before tax by €31 thousands.

B. Credit risk

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

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

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

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

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

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

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

The above balances relate to customers with no default history.

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

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

Related party receivables included in Notes 15 and 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 2014 includes available-for-sale investments with a value of €24.2 million (2013: €33.7 million) which are subject to fluctuations in the underlying share price.

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

E. Capital disclosures

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

F. Liquidity risk

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

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

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

	Total €'000	Within 1 year €'000	1–2 years €'000	2–5 years €'000
2014				
Trade payables	**16,426**	**16,426**	**–**	**–**
Other accounts payable	**36,812**	**36,812**	**–**	**–**
Progressive and other operators' jackpots	**60,562**	**45,562**	**15,000**	**–**
Deferred and contingent consideration	**2,911**	**1,823**	**–**	**1,088**
Other non-current liabilities	**1,284**	**–**	**–**	**1,284**
2013				
Trade payables	22,546	22,546	–	–
Loans and borrowings	26,378	26,378	–	–
Other accounts payable	48,544	33,544	15,000	–
Progressive and other operators' jackpots	28,630	28,630	–	–
Deferred consideration	245	–	–	245
Contingent consideration	22,546	22,546	–	–
Other non-current liabilities	26,378	26,378	–	–

G. Total financial assets and liabilities

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

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

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

Note 29 – Post-balance sheet events

Acquisition of Yoyo Games Limited

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

Note 30 – Contingent liabilities

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

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

Note 31 – Operating lease commitment

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

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

	2014 **€'000**	2013 €'000
Not later than one year	**11,122**	7,831
Later than one year and not later than five years	**27,738**	21,985
Later than five years	**9,121**	7,574
	47,981	37,390

Company balance sheet

As at 31 December 2014

	Notes	2014 €'000	2013 €'000
NON-CURRENT ASSETS			
Property, plant and equipment		**101**	107
Intangible assets		**205**	233
Investments	1	**210,332**	209,971
Available-for-sale investments	2	**19,811**	30,057
Other non-current assets		**213**	447
		230,662	240,815
CURRENT ASSETS			
Trade receivables and other receivables	3	**180,773**	211,773
Cash and cash equivalents	4	**521,299**	402,114
		702,072	613,887
TOTAL ASSETS		**932,734**	854,702
EQUITY			
Additional paid in capital		**324,774**	323,187
Available-for-sale reserve		**–**	1,578
Convertible bond reserve		**46,201**	–
Retained earnings		**271,528**	474,847
Equity attributable to equity holders of the parent	5	**642,503**	799,612
NON CURRENT LIABILITIES			
Convertible bond	6	**246,231**	–
		246,231	–
CURRENT LIABILITIES			
Trade payables and other payables	8	**44,000**	27,179
Deferred consideration	7	**–**	27,911
		44,000	55,090
TOTAL EQUITY AND LIABILITIES		**932,734**	854,702

Company statement of changes in equity

For the year ended 31 December 2014

	Additional paid in capital €'000	Available-for-sale reserve €'000	Convertible Bond reserve €'000	Retained earnings €'000	Total equity attributable to holders of parent €'000
Balance at 1 January 2013	310,469	19,280	–	29,539	359,288
Changes in equity for the year					
Total comprehensive income for the year	–	(17,702)	–	523,989	506,287
Dividend paid	–	–	–	(67,872)	(67,872)
Exercise of options	12,718	–	–	–	12,718
Purchase of share options	–	–	–	(12,135)	(12,135)
Employee stock option scheme	–	–	–	1,326	1,326
Balance at 31 December 2013	323,187	1,578		474,847	799,612
Balance at 1 January 2014	323,187	1,578	–	474,847	799,612
Changes in equity for the year					
Total comprehensive income for the year	–	(1,578)	–	(4,427)	(6,005)
Dividend paid	–	–	–	(192,258)	(192,258)
Exercise of options	1,587	–	–	(6,292)	(4,705)
Issue of convertible bond	–	–	46,201	–	46,201
Purchase of share options	–	–	–	(707)	(707)
Employee stock option scheme	–	–	–	365	365
Balance at 31 December 2014	**324,774**	**–**	**46,201**	**271,528**	**642,503**

Company statement of cash flows

	2014 €'000	2013 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	**(4,427)**	523,989
Adjustments to reconcile net income to net cash provided by operating activities (see below)	**42,282**	30,916
Net cash provided by operating activities	**37,855**	554,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(45)**	(59)
Investment in available-for-sale investments	**–**	(44,190)
Proceeds from sale of available-for-sale investments	**–**	57,180
Acquisition of subsidiaries, net of cash acquired	**(28,369)**	(70,000)
Net cash (used in) investing activities	**(28,414)**	(57,069)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	**(192,258)**	(67,872)
Purchase of share options	**(707)**	(12,135)
Issue of convertible bond	**291,145**	–
Repayment of bank borrowings	**–**	(69,220)
Exercise of options	**(4,705)**	12,718
Net cash used in financing activities	**93,475**	(136,509)
INCREASE IN CASH AND CASH EQUIVALENTS	**102,916**	361,327
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**402,114**	32,096
Exchange gains on cash and cash equivalents	**16,269**	8,691
CASH AND CASH EQUIVALENTS AT END OF YEAR	**521,299**	402,114

	2014 €'000	2013 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	**51**	39
Amortisation, including amortisation of intangibles in associate	**28**	28
Gain on sale of available-for-sale investments	**–**	(31,088)
Movement in deferred and contingent consideration	**97**	2,161
Employee stock option plan expenses	**365**	
Exchange gains on cash and cash equivalents	**(16,269)**	(8,691)
Other		(3)
Changes in operating assets and liabilities:		
Increase in trade receivables	**31,000**	64,221
Increase in other receivables	**234**	(206)
Decline in fair value of available-for-sale investment	**8,668**	–
Interest accrued on convertible bond	**1,287**	–
Increase in other payables	**16,821**	4,455
	42,282	30,916

Notes to the parent company financial statements

Note 1 – Investments

	2014 €'000	2013 €'000
Investment in subsidiary undertaking – Cost	**210,332**	209,971

Details of investments in subsidiary undertakings as at the end of the year are set out below:

Name	Country of incorporation	Proportion of voting rights and Ordinary Share capital held	Nature of business
Playtech Software Limited	British Virgin Islands	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers
PTVB Management Limited	Isle of Man	100%	Management
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
PlayLot Limited	British Virgin Islands	100%	Distributing lottery software
Roxwell Investments Limited	Isle of Man	100%	Holds the Employee Benefit Trust
PT Gaming Limited	Isle of Man	100%	Holding company of Factime investments Ltd

Note 2 – Available-for-sale investments

	2014 €'000	2013 €'000
Investment in available-for-sale investments at 1 January	**30,057**	29,661
Additions	**–**	26,896
Disposals	**–**	(39,886)
Gains recycled to income statement	**1,578**	(19,280)
Unrealised valuation movement recognised in equity	**(1,578)**	1,578
Gains on sale transferred to income statement	**–**	31,088
Decline in fair value recognised in income statement	**(10,246)**	–
Investment in available-for-sale investments at 31 December	**19,811**	30,057

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

All of the available-for-sale assets are equity securities quoted in the UK.

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

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

Notes to the parent company financial statements continued

Note 3 – Trade and other receivables

	2014 €'000	2013 €'000
Other receivables	**925**	345
Amounts due from subsidiary undertakings	**179,848**	211,428
	180,773	211,773

Note 4 – Cash and cash equivalents

	2014 €'000	2013 €'000
Cash at bank	**329,032**	22,322
Deposits	**192,267**	379,792
	521,299	402,114

Note 5 – Shareholders' equity

A. Share capital

	2014 €'000	2013 €'000
Authorised	**N/A***	N/A*
Issued and paid up	**293,492,617**	293,189,408

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

B. Share option exercised

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

C. Distribution of dividend

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

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

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

D. Reserves

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

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Available-for-sale reserve	Changes in fair value of available-for-sale investments (Note 2)
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 6 – Convertible bonds

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

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

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

The fair value of the liability component, included in non-current borrowings, at inception was calculated using a market interest rate for an equivalent instrument without conversion option of 4%.

The fair value of the liability component of the Bonds (including accrued interest) at 31 December 2014 amounted to €247.0 million, which was calculated using cash flow projections discounted at 4%.The fair value of the equity component of the Bonds at 31 December 2014 was €45.4 million.

Note 7 – Deferred and contingent consideration

	2014 €'000	2013 €'000
Current deferred consideration consists:		
Acquisition of PT Turnkey Services Limited	**–**	27,911

Note 8 – Trade payables

	2014 €'000	2013 €'000
Suppliers and accrued expenses	**4,624**	3,721
Payroll and related expenses	**8,982**	7,485
Amounts owed to Group undertakings	**30,394**	15,973
	44,000	27,179

Five-year financial summary

	2014 €'000	2013 €'000	2012 €'000	2011 €'000	2010 €'000
Income statement					
Total revenues	**457.0**	367.2	317.5	207.5	142.3
Associate income	**–**	18.1	50.6	36.1	30.8
Gross income	**457.0**	385.3	368.1	243.6	173.1
Adjusted EBITDA	**207.1**	177.5	186.7	125.5	103.1
Adjusted net profit	**148.3**	166.4	168.3	112.8	93.2
Balance sheet					
Non-current assets	**494.2**	470.8	589.2	564.9	292.8
Current assets	**759.8**	595.2	195.2	206.1	91.3
Current liabilities	**105.0**	117.6	181.9	110.2	64.3
Non-current liabilities	**275.7**	27.4	88.4	182.1	19.8
Net assets		921.0	514.2	478.7	300.0
Equity					
Additional paid in capital	**324.8**	323.2	310.5	307.9	189.7
Available-for-sale reserve	**0.8**	1.6	17.2	2.0	–
Retained earnings	**537.7**	596.3	186.4	168.9	110.3
Statistics					
Basic adjusted EPS (in euro cents)	**65.0**	56.9	58.1	46.2	38.5
Diluted adjusted EPS (in euro cents)	**64.7**	56.3	57.1	45.7	37.1
Ordinary dividend per share (in euro cents)	**26.4**	23.2	23.2	16.5	19.0
Share price low/high	**579p/836.5p**	422.5p/761.5p	262.25p/435p	210p/424.75p	380.5p/552p

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