THE ULTIMATE PLAYER JOURNEY

© MARVEL

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2013

ABOUT US

Playtech is the world's largest online gambling software and services supplier. Traded on the London Stock Exchange's Main Market, 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 pioneering attitude toward new 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, Ladbrokes, Paddy Power, Sisal, Sky, SNAI, Titan, William Hill and Winner.

CORPORATE RECOGNITION

Company of the Decade
10 Years Quoted Company Awards
Shortlisted

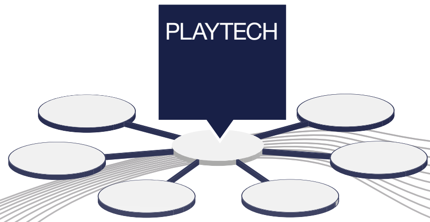
PLAYTECH PLC
PLC Awards 2013
Shortlisted
Best Technology Award

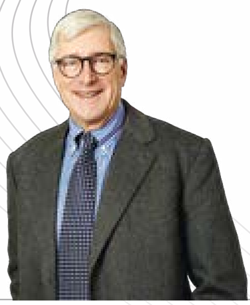
Videobet a Playtech company
mobenga a Playtech company
gts a Playtech company
ASH GAMING a Playtech company
VIRTUE FUSION a Playtech company
Geneity a Playtech company
IntelligentGaming a Playtech company
PokerStrategy.com Learn to win a Playtech company
PT Turnkey Services a Playtech company

IN THIS YEAR'S REPORT

What sets us apart?

See pages for more detail 4 to 11





In this section our Chairman, Alan Jackson discusses what corporate governance means to us

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Or visit:
www.playtech.com

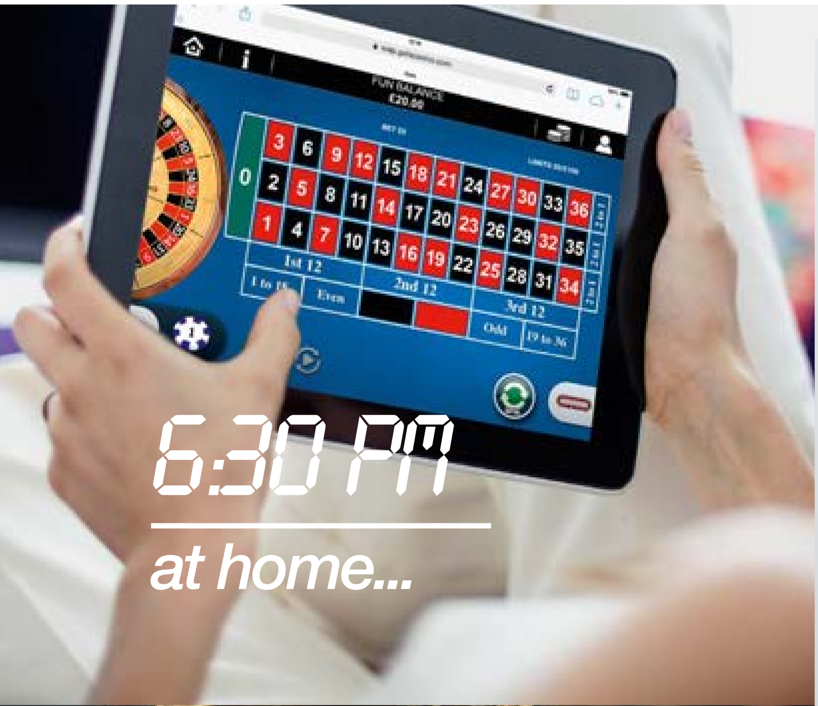
THE ULTIMATE PLAYER JOURNEY

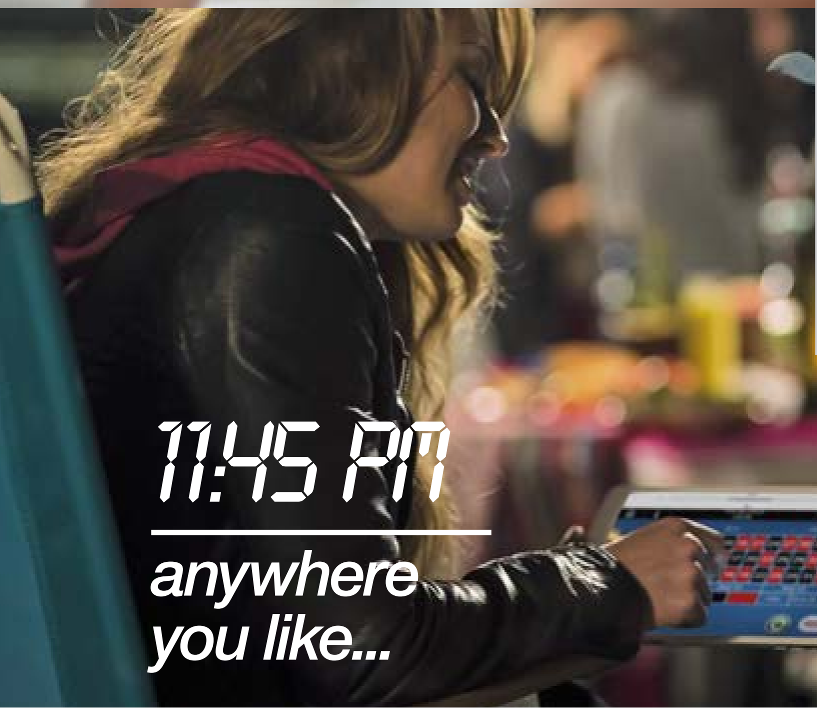
08:15 AM

on the move...

1:25 PM

at lunch...





UNIFIED PLATFORM

Playtech's IMS is a cutting-edge platform offering cross-product, cross-platform capabilities that provide full visibility and control of the entire player lifecycle. Its analytic tools enable operators to generate higher returns.

ALL PRODUCT VERTICALS

Playtech offers a full suite of leading product verticals, combined with an open platform for external content, along with ancillary services including marketing, operational support, advisory and network management.

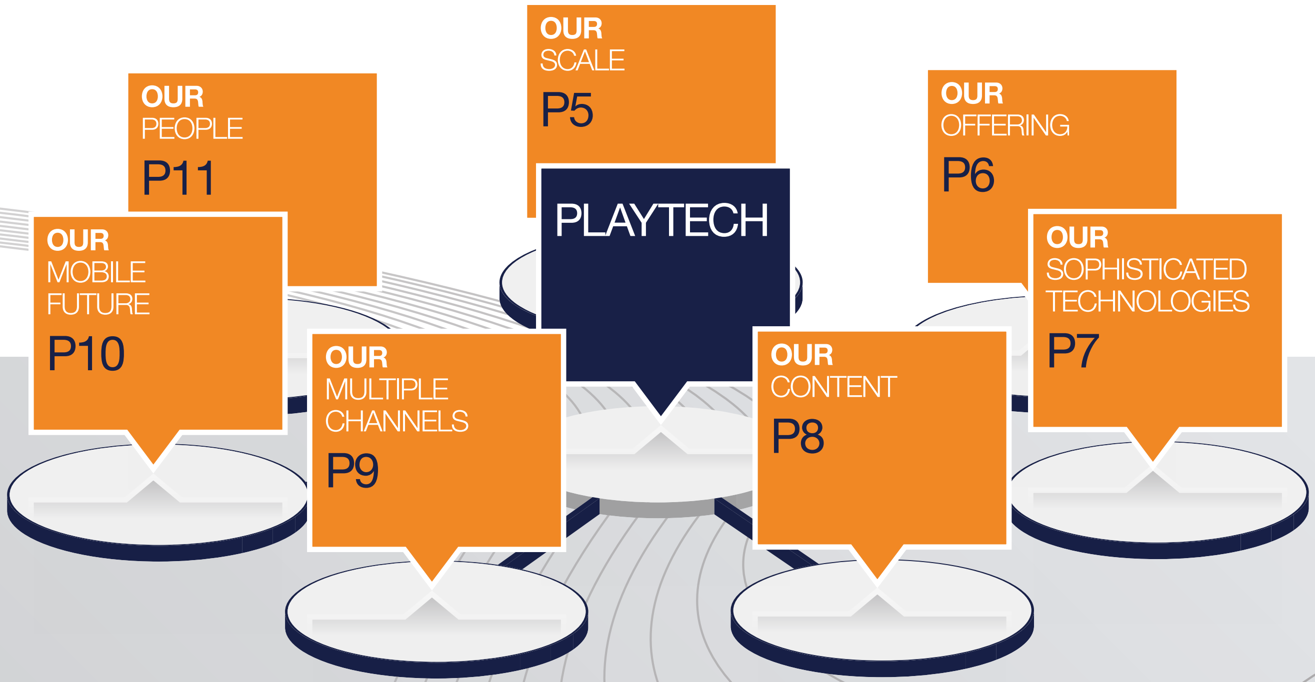
ALL DISTRIBUTION CHANNELS

Playtech's offering is channel-agnostic and we are the only supplier to offer a converged retail, web and mobile offering.

WHAT SETS US APART

Playtech has significant scale and offers the broadest range of gambling products and ancillary services, underpinned by a state-of-the-art technology platform, which unites all product verticals, an extensive content library, third party content and complementary services; these are delivered seamlessly through multiple channels including web, mobile, live and broadcast, enabling players to move effortlessly between product verticals using one wallet, maximising player value and ultimately licensee revenue.

All this is delivered by a dedicated and market-leading group of over 3,400 talented people in 12 countries.



OUR SCALE

Playtech is the largest online gambling software and services provider, enabling its 120 licensees to operate more than 200 websites in over 200 jurisdictions.

More than 3,400 employees, including over 300 mobile developers, have delivered over 500 casino games, and the broadest selection of products across all distribution channels – web, mobile and retail – supported by the best back end platform, enhanced by sophisticated marketing solutions, making Playtech the supplier of choice in regulated markets.

Once again Playtech had a substantial presence at the ICE gaming show in London in February 2014.

OUR OFFERING

Playtech offers its licensees the widest range of online gambling products, supported by the IMS – a cutting-edge platform enabling a single account log-in with one wallet. Playtech also offers its entire product suite across all platforms including its state-of-the-art mobile offering, and a cross-channel capability including retail/online/mobile.

Playtech is unique in offering, as a turnkey solution or as part of a structured agreement or joint venture, value added services including affiliate management, media buying, CRM, VIP management, operational support including fraud prevention, network management, hosting, reconciliation and payment advisory services, all designed to leverage the market-leading tools delivered by Playtech's IMS.

Playtech's IMS is our fundamental technological differentiator, providing a set of real time tools developed with leading operators over the past 14 years, designed to increase player value for licensees. Playtech is the only company in the industry that provides a fully integrated, multi-channel, multi-platform, multi-product offering, that enables true convergence of retail/online/mobile distribution channels, enabling greater cross-sell opportunity for licensees and a superior player experience, that includes enabling a bespoke player view.

OUR SOPHISTICATED TECHNOLOGY

Playtech continually invests in its games development to deliver innovative and visually impressive games, driven by proven maths models built to appeal to all players.

Playtech offers over 500 games, including branded and premium content from Ash Gaming, HBO, Marvel, MGM, NBC and Universal, augmented by Playtech's GTS open platform, which enables operators to offer third party content.

An innovative live dealer experience attract a wide variety of players both mobile and online that enjoy the additional excitement and trust when playing on real tables, increasingly in dedicated, branded areas.

OUR CONTENT

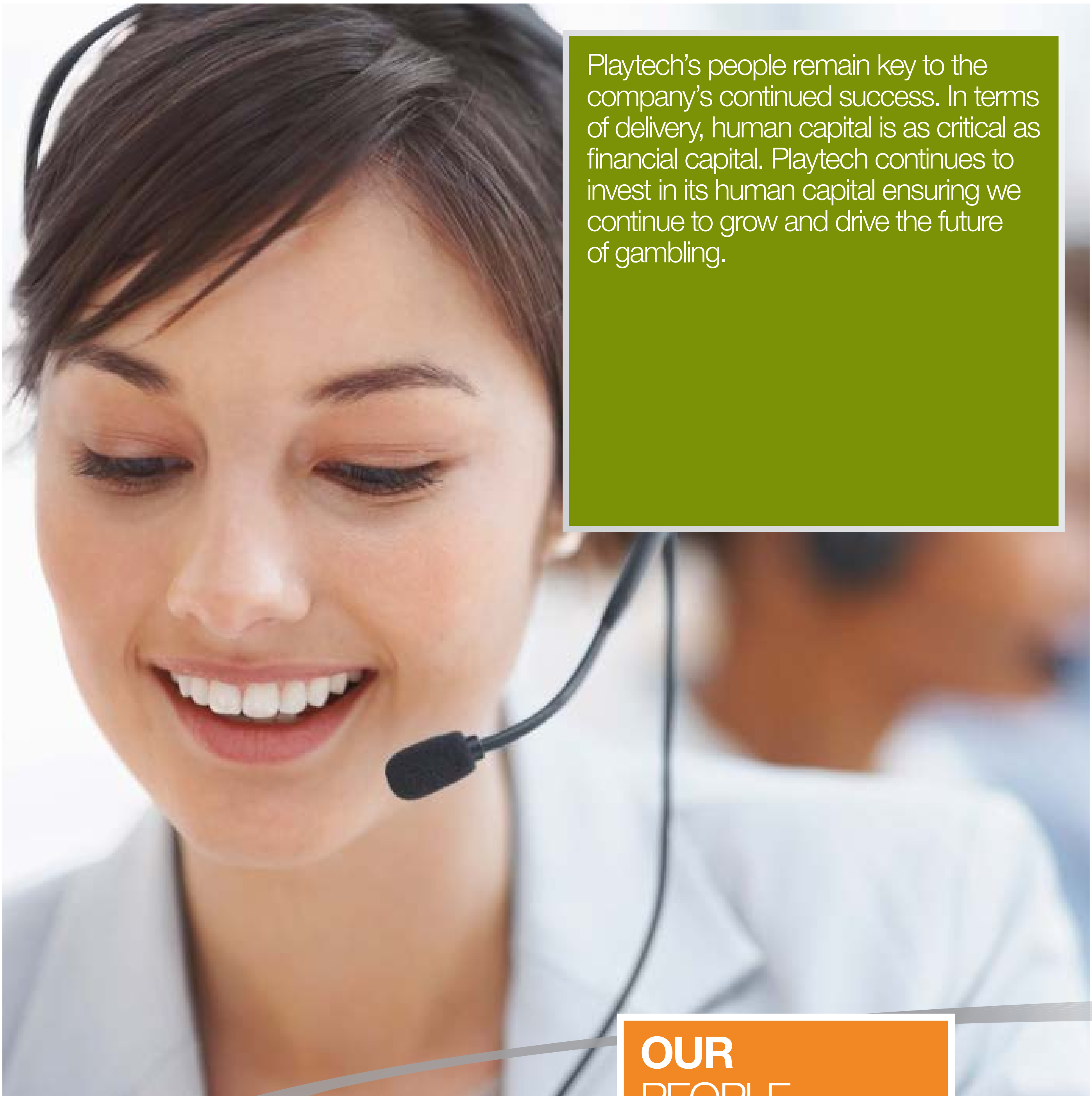
Playtech remains focused on providing leading content, best-of-breed products and player management across a full range of distribution channels. The IMS enables operators to offer one account, one wallet convenience, and the same rich content across all channels, converging land-based/digital/mobile channels for the ultimate player journey.

OUR MULTIPLE CHANNELS

Playtech's innovative mobile hub links all of Playtech's product verticals, including sport, casino, live, bingo and poker, offering operators a unique cross-sell opportunity and giving players the seamless transition they are used to online across all popular mobile platforms including native and HTML5, using the same account and wallet.

Playtech's mobile revenue more than doubled over 2013, yet remains only 7% of the total, providing future opportunity, supported by more than 300 mobile developers and a range of specialised marketing and conversion tools.

OUR MOBILE FUTURE



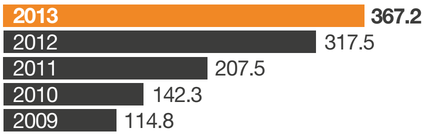
Playtech's people remain key to the company's continued success. In terms of delivery, human capital is as critical as financial capital. Playtech continues to invest in its human capital ensuring we continue to grow and drive the future of gambling.

OUR PEOPLE

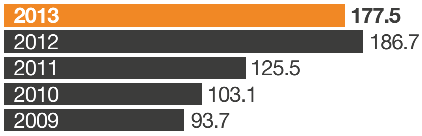
FINANCIAL HIGHLIGHTS

"Playtech has once again delivered an exceptional performance. The Company has focused on deepening its licensee relationships, creating innovative new content, improving its products across web and mobile and providing its licensees with cutting edge products and services."

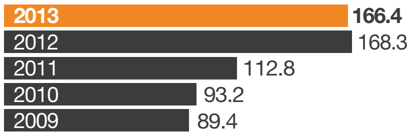
€367.2m
Total revenue



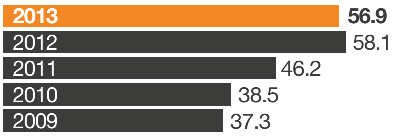
€177.5m
Adjusted EBITDA[1,2]



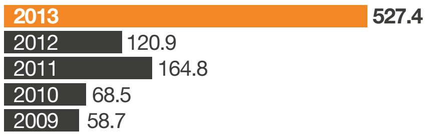
€166.4m
Adjusted net profit[1,2]



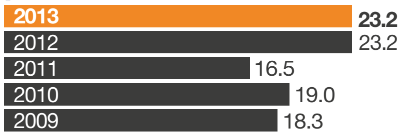
56.9 € cents
Adjusted basic EPS[1,2]



€527.4m
Cash Balances



23.2 € cents
Total ordinary dividend per share



(1) Adjusted EBITDA, Adjusted net profit and Adjusted EPS are calculated after adding back certain non-cash charges, cash expenses relating to professional costs on acquisitions, gains on sale of investments and certain one-off charges

(2) As a result of the sale of Playtech's 29% stake in William Hill Online, Playtech received a share of profit until the time of disposal during April 2013 against the entire 12 months of 2012

£100 MILLION
SPECIAL DIVIDEND PAID

OPERATIONAL HIGHLIGHTS

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

CHAIRMAN'S STATEMENT

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

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

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

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

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

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

GOVERNANCE AND RISK MANAGEMENT

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

Following the announcement of Roger Withers' intention to retire at the time of the interim results, the Board set about finding a strong, independent non-executive director and was delighted to welcome Hilary Stewart-Jones to the Board effective 9 October 2013. Hilary is a leading international expert in gambling law and has over 15 years' experience advising companies on gambling related issues.

DIVIDENDS

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

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

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

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

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

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

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

Alan Jackson
Chairman
20 February 2014

"Playtech has reported another excellent year, and continues to deliver on its clear strategy and strong balance sheet. Together, the total distribution of ordinary dividends in respect of 2013 and the special dividend equate to a return of capital to shareholders of approximately €188.5 million."

Alan Jackson, Chairman

OUR 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 all distribution channels.

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

PRODUCTS AND DISTRIBUTION CHANNELS

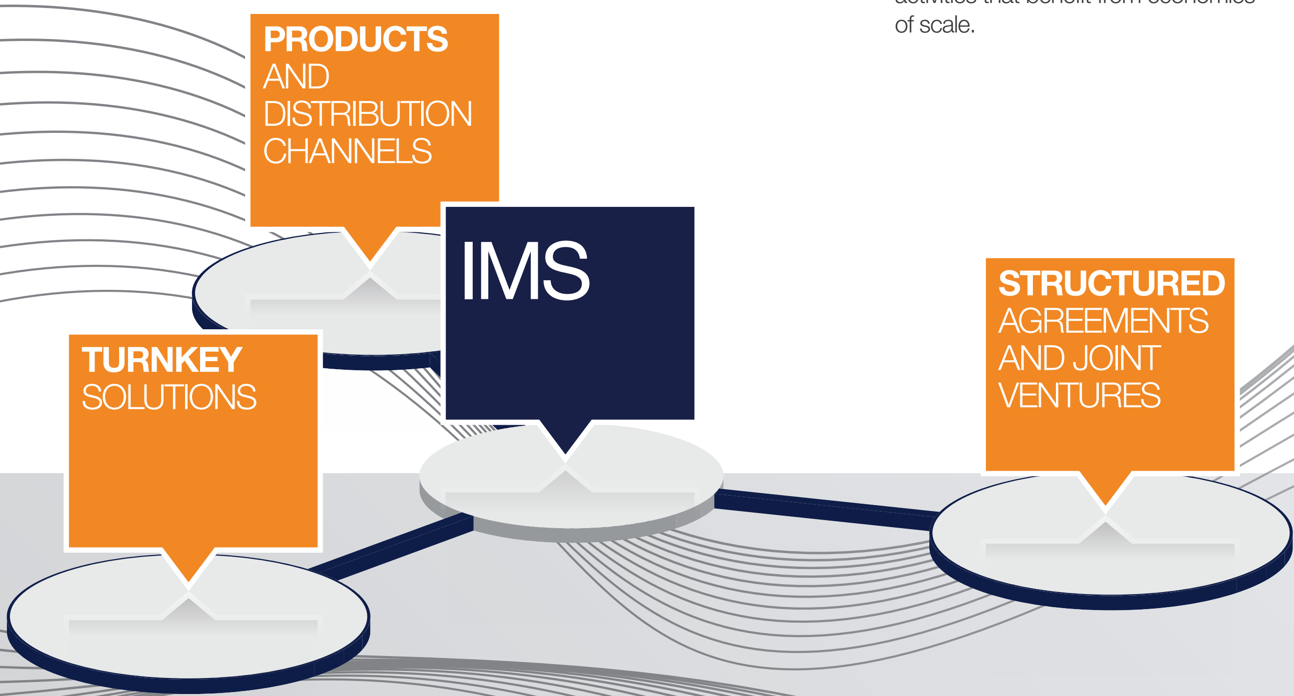
Playtech has industry-leading content and player networks combined with unique cross-platform capabilities.

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

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

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.



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 equity joint venture or structured agreement.

Over the time of our partnership with William Hill its online business grew by almost 250%.

In 2013, Playtech signed landmark agreements with Ladbrokes PLC to supply a full range of software products, and to enhance its digital business until 2017.

OUR PRODUCTS

Casino | Services | Bingo | Poker | Videobet | Sport | Lottery

OUR DISTRIBUTION CHANNELS

Internet | Mobile | Retail | TV Broadcast

MAXIMISING SHAREHOLDER VALUE

OUR STRATEGY

Playtech's strategy of organic development, targeted acquisitions, partnerships and joint ventures has enabled it to maximise opportunities created by the significant changes 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 2013

Support organic growth

In 2013, Playtech's licensees achieved like for like growth of 7%, in line with 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.

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.

Attract new licensees

Playtech has enjoyed a successful track record of attracting approximately 5-10 new licensees every year, attracted by our market-leading product and service offering, the unique capabilities of the IMS and support for both establlshed and new operators in regulating markets.

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

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

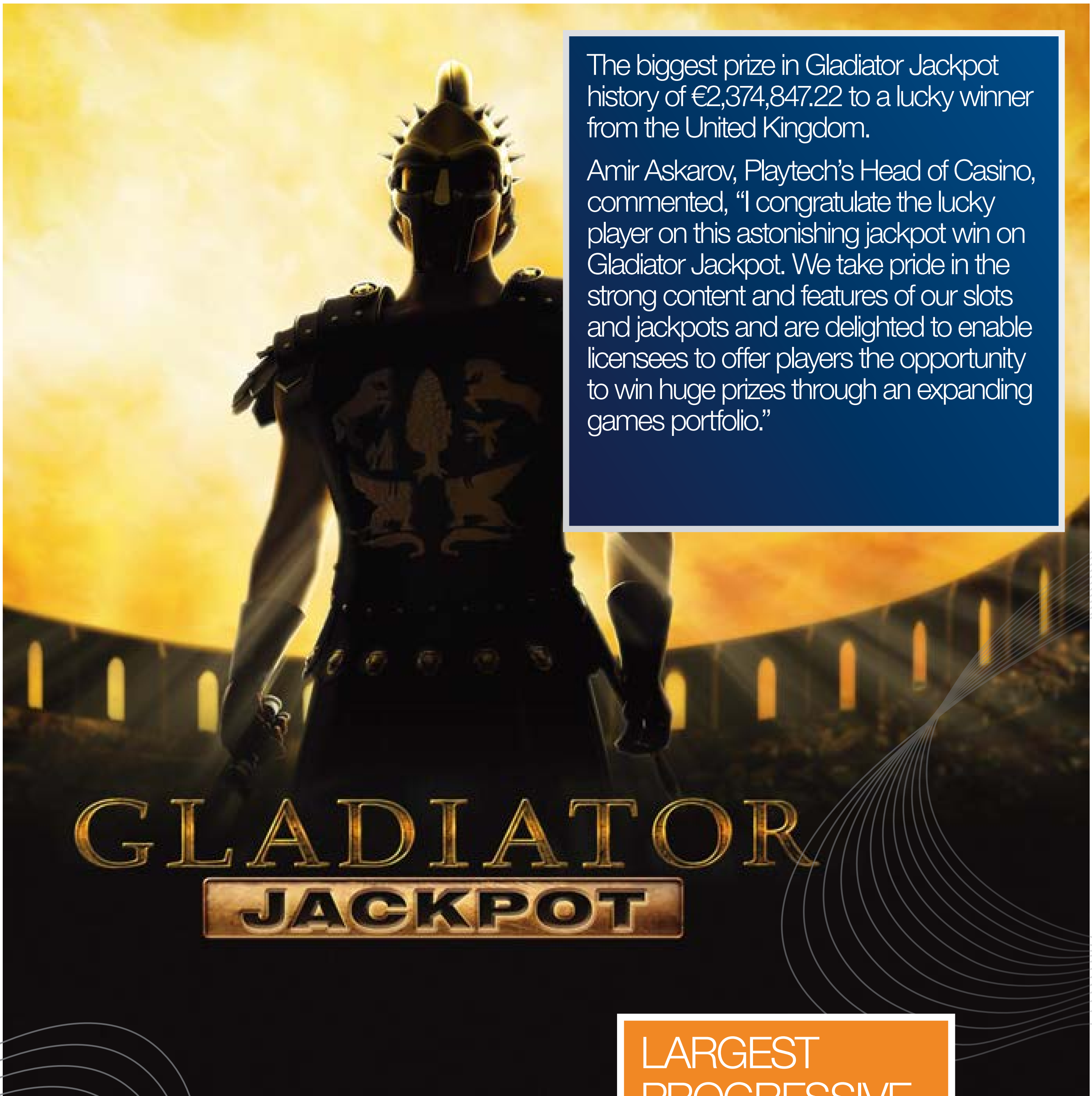
Improve quality of earnings through greater regulated market penetration

Playtech is focussed on growing its presence in regulated markets, inoreasing the proportion of regulated revenue to 36% in 2013 from 34% in 2012. 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 agreement with Holland Casino.

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 following the sale of its stake in William Hill Online, the Board is seeking transformational M & A opportuinities to take the business to the next level.

See pages for more detail 22 to 27



The biggest prize in Gladiator Jackpot history of €2,374,847.22 to a lucky winner from the United Kingdom.

Amir Askarov, Playtech's Head of Casino, commented, "I congratulate the lucky player on this astonishing jackpot win on Gladiator Jackpot. We take pride in the strong content and features of our slots and jackpots and are delighted to enable licensees to offer players the opportunity to win huge prizes through an expanding games portfolio."

LARGEST PROGRESSIVE GLADIATOR JACKPOT OF **€2.37 MILLION**

OUR MARKETPLACE

ONLINE GAMBLING DEVELOPMENT

The online gambling market developed in the mid-1990s, first with online casinos and then with poker from 1998. In 2004 the gambling market, which includes casino, poker, bingo, sports betting, skill based gaming and lotteries, was estimated by H2 Gambling Capital as generating gross gambling revenues of approximately €8.4 billion. This value has almost tripled since then, to an estimated total of €26.2 billion in 2013. The online market represents around 8% of overall gambling including land based operations. The average gross win per adult in the interactive space is €75, which has grown by 35% since 2004, mainly due to increased popularity, the introduction of cross sell enhancements and increased accessibility supported by new technology.

The market continues to benefit from regulation, improved broadband penetration and capacity, mobile penetration, a growing number of market participants, and greater acceptance of online gambling as a mainstream leisure pastime. Since the passing of the Unlawful Internet Gambling Enforcement Act in 2006, which outlawed online gambling in the US, the main focus of established operators has been on Europe and in particular on markets where legislation allows various forms of online gambling on a locally regulated basis.

MARKET

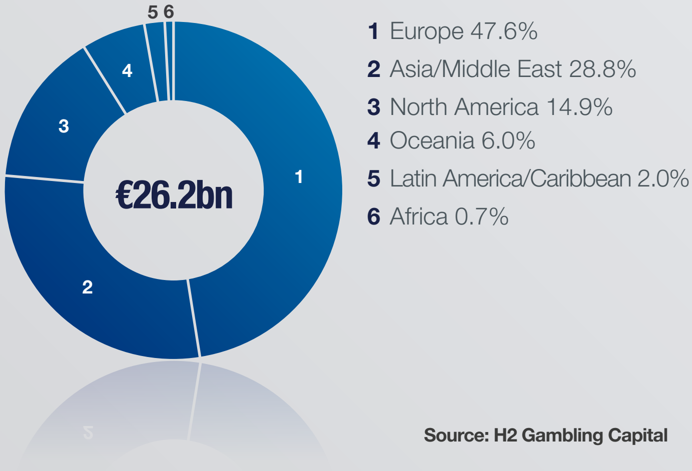
The largest interactive market by player location is currently the United Kingdom, which accounts for over 15% of the overall interactive market.

Playtech has limited penetration in sport, lottery and skill-based gaming, which make up a significant proportion of the market.

Playtech's presence as a sport betting systems provider is in its infancy, having launched its first licensee in late 2012. However, over 2013 it grew 61%, driven by the launch of a further four licensees. This product vertical presents a significant opportunity for Playtech given that sports betting represents over 40% of the total interactive gambling market, and sports betting is often the first product to be regulated. Playtech's offering is recognised as being superior to that of many of its competitors or in-house built products, due to its flexibility, speed to market, connectivity to the best back-end platform and tools and multi-channel capabilities.

For 2014, H2 Gambling Capital estimates that the global online gambling market will grow by approximately 12% to €29 billion. This compares favourably to the rate of growth in the land-based gambling market which is forecast to grow at approximately 4%. It is estimated that the onshore market will increase by 24% to €12.6 billion. Factors driving expected online gambling growth in 2014 include further market regulation, the football World Cup and further shifts in revenue from land based operations to online.

Global Online Gambling Market FY13



Source: H2 Gambling Capital

REGULATED MARKETS

The regulation of online gambling can be a catalyst for market growth, depending on how regulation is introduced, what product verticals the regulator allows and the tax rate applied. Once regulated, new operators are attracted to the market. These include retail gambling outlets, lotteries and land-based operators who have historically been unwilling to operate online in an unregulated format. Many online operators may decide to establish themselves onshore, further leveraging their market exposure, creating significant opportunities for Playtech.

The ability to advertise more freely across a broad range of media formats, such as TV and online, raises awareness of online gambling as a leisure activity and drives an increase in player interest, 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 markets such as the UK and Italy. 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 operators look to participate.

The tax regime within a jurisdiction and the products that are permitted are material factors in determining whether online gambling is likely to be commercially attractive in the longer term.

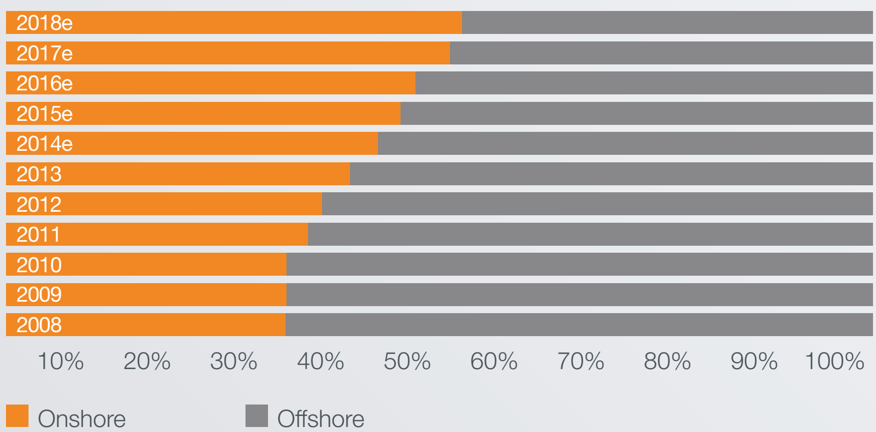
The implementation of regulation is expected to remain a key focus for market participants and an important driver of online gambling revenue growth over the medium term. Opportunities exist as markets move from a 'dot.com' to a 'dot.national' regime, although some uncertainties through the transition period are expected.

Over recent years there has been considerable momentum in countries regulating or looking to become regulated in online gambling, and in 2013 regulation was introduced in various new markets as part of a very clear trend of new regulation. Countries around the world continue to regulate, using as a model, the experience of other countries that have already undergone regulation.

UK TAXATION

The UK is Playtech's largest single market by revenue earned. At the end of 2014, the UK government is expected to introduce a new taxation regime, moving from a domicile of operations basis to a place of consumption ("POC") basis. The UK is a highly fragmented market place with the six largest gambling operators (all of which are Playtech licensees) enjoying a significant market share, with the remainder of the market being shared by a large number of smaller operators. Many smaller operators are understood to generate operating margins lower than the expected tax rate of 15% and in the view of industry experts, will struggle to compete. Larger operators can rely on economies of scale and their leading brands to remain competitive. Analysts expect that in 2015 the UK market will undergo significant change led by consolidation, as those operators with the strongest brands, best technology and means to invest in marketing will prevail.

Onshore versus offshore gambling



Source: H2 Gambling Capital

OUR MARKETPLACE CONTINUED

COMPETITIVE LANDSCAPE

The most prevalent single alternative to outsourcing to specialist technology providers such as Playtech, is for operators to use their own proprietary software and platform, which while currently accounting for around 30% of the total online gambling market, management believe is an increasingly unsustainable model.

Playtech enjoys significant scale advantages by being able to deploy significant operating and development expertise in a flexible manner to its 120 licensees, including the top-10 European and UK online gambling operators. Playtech's aim is to offer all product verticals across all distribution channels on an integrated platform that offers a single wallet and sign-on. Playtech is also the only supplier that can offer sophisticated marketing and operational services to drive player acquisition and retention via a range of flexible and modular approaches from a turnkey solution to an equity joint venture to a structured agreement. This enables operators to offer their players a true multi-channel approach across land-based/digital/mobile creating the ultimate player journey.

There are a limited number of other B2B software suppliers that offer a platform solution including Microgaming, Amaya, Gtech G2 and IGT interactive. None of these suppliers have the breadth or depth of Playtech's offering.

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

Recognising that around 50% of Playtech's operators have migrated across from another supplier, Playtech enables third parties to supply game content through its GTS platform, benefitting operators by enabling them to continue to offer their most profitable games and derive the benefits of Playtech's IMS platform.

PLAYTECH'S COMPETITIVE ADVANTAGES

Scale

One of the most significant barriers to entry into the B2B market is scale. 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.

Technology

The Playtech operating system allows upgrades and new features to be rolled out to every operator from a single platform, so allowing all operators the benefit of a more advanced offering. Playtech's R&D costs vary from year to year, but are generally in the region of 17% of overall software revenue. This development investment is financed by revenue generated from 120 licensees, making the cost of development much lower for licensees than trying to do so inhouse. Operators also benefit from product development through two way feedback with Playtech.

Experience

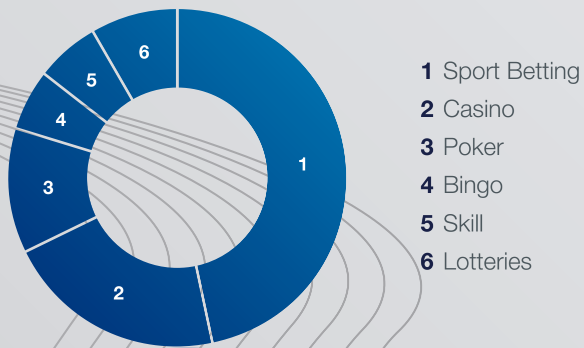
As Playtech's scale has increased over the 14 years since its incorporation, its knowledge, expertise in regulated markets, and operating platform have enabled operators to make the transition into new markets more quickly.

Liquidity

The increased scale of Playtech has allowed it to develop superior software to its competitors, offer greater liquidity in the bingo and poker markets, provide higher progressive jackpots for players and supply its operators with a more powerful proposition through its IMS platform.

Other competitive barriers around Playtech's business include expertise in the services environment (marketing, hosting and affiliates management), long term contracts and established relationships with licensees.

Global Online Gambling Market split FY13



Source: H2 Gambling Capital

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 2011, following the acquisition of Mobenga and it has grown to become market leader in the UK, Europe and Australia.

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 can access an operator's full gambling offering on their smartphones or tablets through a single branded interface. It can also be managed via a centralised management system.

With over 300 mobile developers, Playtech is at the forefront of mobile development. In 2013, only 7% of revenue was generated by mobile, presenting a major future growth opportunity.

It is forecast by H2 Gambling Capital that mobile interactive gambling will grow at 38% in 2014, and this growth is estimated to continue at above 25% for the next three years.

Convergence of Online and Land-Based

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

Historically separate in their philosophy and systems, there has been a fundamental shift in both market 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 onto 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 both drive and benefit from this trend of convergence. It has proactively developed the most sophisticated server-based gambling systems; created 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. During 2013, Playtech launched its first licensee with a unified offering across its entire player estate and looks to extend that offering to further operators in 2014.

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

Mobile gambling continues to be one of the most significant growth drivers of the industry.

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

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

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

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

REGULATED MARKETS

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

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

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

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

Playtech is committed to working closely with regulators and the Company has been co-operating with the Italian regulator, AAMS, in developing a joint programme to manage unlicensed operators to either withdraw from the Italian market in an orderly fashion over the next four months or to obtain a local license and migrate their players. Playtech's commitment to such regulated markets may have a non-material short-term revenue impact.

> **Playtech is the only company in the gambling industry that offers a fully integrated, multi-channel, multi-platform and multi-product offering as well as a full range of services.**
>
> **Mor Weizer,** Chief Executive Officer

Playtech is making good progress supporting leading operators including SNAI, Sisal and Eurobet, launched new operators during the year and is in active discussion in respect of further significant opportunities.

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

STRATEGIC POSITIONING

Playtech's long-term strategy of organic development, joint ventures and targeted acquisitions has enabled it to take advantage of significant opportunities in the global gambling industry.

As governments see the implementation of gambling tax and the sale of regulatory licenses as significant revenue potential, there is a continued industry move towards a greater mix of locally regulated markets.

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

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

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

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

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

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

Industry Awards won in the past year:

2013 EGR B2B Awards — Slot provider of the year — WINNER

2013 EGR B2B Awards — Bingo supplier of the year — WINNER

2013 EGR B2B Awards — Bingo network of the year — WINNER

2013 EGR B2B Awards — Poker network of the year — WINNER

The International Gaming Awards — Winner 2014 — iGaming Software Supplier

CHIEF EXECUTIVE'S REVIEW CONTINUED

ACQUISITIONS

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

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

LICENSEES

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

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

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

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

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

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

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

Playtech provides its licensees with market-leading branded content.

PRODUCTS AND SERVICES

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

Casino

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

SERVICES

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

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

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

Bingo

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

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

Videobet

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

A selection of our licensees:

bet365
BetClick
betfair
you'll love a bit of... BETFRED
Casino Gran Madrid
CORAL
Gala Bingo
Holland Casino
Ladbrokes
Caliente
Paddy Power BOOKMAKER
Sisal
SNAI
Titan
UNIBET
William HILL
winner

CHIEF EXECUTIVE'S REVIEW CONTINUED

Sports betting

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

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

Poker

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

Mobile

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

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

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

In 2013, sport was the fastest growing product vertical.

Social and Casual

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

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

Live

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

PEOPLE

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

OUTLOOK

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

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

Mor Weizer
Chief Executive Officer
20 February 2014

Live dealer services are now available across all mobile channels

FINANCIAL REVIEW

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

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

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

These are all fully set out below and in Note 5 to the financial information.

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

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

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

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

Revenues Year ended €'000

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

"Playtech has reported another strong performance, with underlying revenues increasing by 13%, underlying adjusted EBITDA by 14% and underlying adjusted net profit by 17%."

Ron Hoffman, Chief Financial Officer

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

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

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

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

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

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

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

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

Adjusted EBITDA and Adjusted EBITDA excluding share of profit from WHO

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

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

FINANCIAL REVIEW CONTINUED

COST OF OPERATIONS

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

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

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

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

Playtech remains focused on managing cost inflation across the business.

FINANCIAL INCOME AND TAX

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

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

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

NET PROFIT AND EARNINGS PER SHARE

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

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

Total amortisation in 2013 was €47.5 million (2012: €35.6 million). Amortisation on acquisitions of €38.2 million (2012: €26.7 million) include amounts relating to the historic acquisition of Tribeca, Virtue Fusion, GTS, PTTS, Ash Gaming and more

Analysis of adjusted operating expenses

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

recently PokerStrategy. Of the remaining €9.3 million (2012: €8.9 million), €6.9 million (2012: €6.8 million) was from internally generated development costs and €2.4 million (2012: €2.1 million) related to other intangibles.

CASH FLOW

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

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

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

Cash outflow from financing activities was €136.5 million

€488.6m

Net profit

+463%

(2012: €86.8 million)

Adjusted net profit and adjusted earnings per share

	2013 €'000	2012 €'000
Net profit	**488,578**	86,755
Amortisation on acquisitions	**38,196**	26,656
Amortisation of intangibles in William Hill Online	**1,671**	5,729
Finance costs - movement in deferred and contingent consideration	**2,862**	44,184
Employee stock option expenses	**1,326**	2,403
Admission to Premium Listing on the Main Market	**–**	2,098
Professional costs on acquisitions	**208**	496
Decline in fair value of available-for-sale investments	**4,127**	–
One-off provision against irrecoverable cash	**1,330**	–
Gain on sale of available-for-sale investments	**(31,088)**	–
Gain on sale of investment in WHO	**(340,819)**	–
Adjusted net profit	**166,391**	168,321
Adjusted basic EPS (in euro cents)	**56.9**	58.1
Adjusted diluted EPS (in euro cents)	**56.3**	57.1
Share of profit of WHO	**18,086**	50,553
Adjusted net profit excluding share of profit of WHO	**148,305**	117,768
Adjusted basic EPS, excluding share of profit of WHO (in euro cents)	**50.7**	40.7
Adjusted diluted EPS, excluding share of profit of WHO (in euro cents)	**50.2**	40.0

FINANCIAL REVIEW CONTINUED

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

BALANCE SHEET

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

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

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

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

€527.4m

Cash balances

+€406.5m

(2012: €120.9 million)

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

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

LADBROKES SOFTWARE AND SERVICES AGREEMENT

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

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

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

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

ACQUISITION OF POKERSTRATEGY.COM

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

POST BALANCE SHEET EVENTS

ACQUISITION OF EURO LIVE TECHNOLOGIES LIMITED

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

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

ACQUISITION OF PSI-CLONE GAMES LIMITED

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

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

DIVIDENDS

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

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

Total dividends distributed in respect of 2013

€188.5m

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks areas, which are discussed on pages 34 and 35 are as follows:

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

Ron Hoffman
Chief Financial Officer
20 February 2014

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 44 to 53.

KEY RISKS

Achieving Playtech's strategic goals while minimising some of the key risks the business faces will deliver sustainable and long-term growth.

Business Risk Management at Playtech

The Regulatory Environment: Impacts on Reputation and Revenues

Risk	Mitigation
The Group holds a number of licences for its activities from regulators, principally for its activities as a software provider issued by the UK Gambling Commission 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	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.

Risk	Mitigation
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.	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.

Risk	Mitigation
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.	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, it seeks to influence the shape of new licensing regulations.

Changes in Taxation of Group Revenue: Impacts on Net Earnings

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

The Competitive Landscape: May Lead to Loss of Customers and Revenues

Risk	Mitigation
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.	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.

The Economic Climate: May Lead to Loss of Customers and Revenues

Risk	Mitigation
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.	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.

Reliance on Key Personnel: Impacts on Revenues

Risk	Mitigation
The Group's future success depends in large part on the continued service of executive directors, senior managers and key personnel, the retention of whom cannot be guaranteed.	The Group 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.

Cash Management Risk: May Lead to Loss of Shareholder Funds

Risk	Mitigation
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.	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.
Playtech has significant cash balances and is therefore exposed to counterparty credit risks.	Playtech holds its cash and cash equivalents in a number of 'AAA' rated banks and financial institutions to mitigate the risk of a default.

Business Continuity and Technology Risk: Impacts on Revenues

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 breeches, 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.
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, to protect key aspects of its intellectual property. In addition, proprietary and/or confidential information, and IP is protected through legal and physical security process and Playtech vigorously defends itself against third-party claims.

OUR SUSTAINABILITY

The Company believes that its true value is not solely demonstrated by its balance sheet and financial results, but should include other, more intangible attributes, such as its people, brand and reputation.

By embracing policies and behaviours that govern responsible conduct, the Company creates 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.

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

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

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 44 to 53.

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

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 cause 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 pages 40 and 41.

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 2013 Playtech gave approximately €170,000 to charitable organisations working in the fields of education and research into, and treatment of, problem gambling (2012: €50,000). Playtech also provided non-financial support to these and other community causes, including computer hardware and training.

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 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. 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.

Customer service lies at the heart of our business

€170,000

given to charitable organisations

Playtech has a relatively low environmental impact

OUR SUSTAINABILITY CONTINUED

With over 3,400 people working in 12 countries we aim to provide a safe, engaging and fair working environment, with opportunities for employees to develop and grow and maintain a healthy work/life balance.

LOCATIONS AND PEOPLE

Playtech is headquartered in the Isle of Man and has offices in 11 other countries, including its principal software development centres in Estonia, 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 2013, Playtech employed an average of 3,261 people. At the end of the year, total headcount was over 3,400 people, with growth primarily being from acquisitions.

In addition to the permanent headcount, Playtech has a programme to outsource certain ancillary development and service activities, which are predominately production-related rather than software development. This speeds up time-to market for routine upgrades and frees up key development resources. PTTS also outsources some basic emarketing processes and reconciliation activities.

PRODUCT DEVELOPMENT

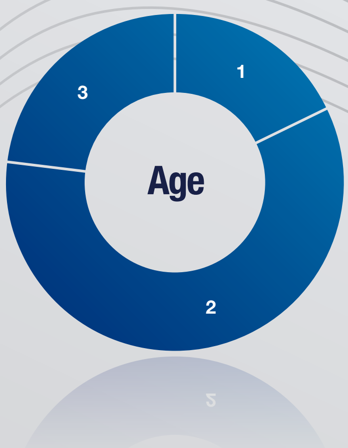
Playtech's software business is structured along product lines, with separate business units for each product area, such as the IMS, casino, poker, bingo and sports, and across the online, mobile and land-based delivery channels. This structure aims to ensure that Playtech can manage the demands of increasing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

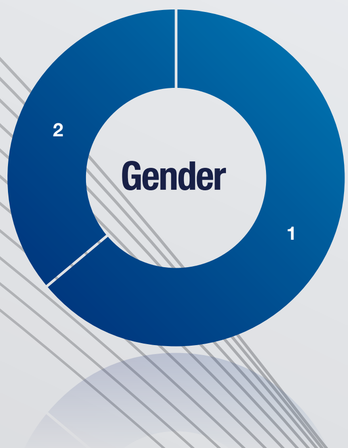
Playtech deploys a software delivery management process known as Next Generation Mobile using the most advanced mobile technologies, which has reduced the time-to-market for new games and launch time for new licensees. The Company's intelligent approach to managing project workflows is a significant 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 1,300 people, principally devoted

Employee Profile



1 Below 25 18%
2 Below 35 59%
3 Over 35 23%



1 Male 64%
2 Female 36%

to software development, of which over 300 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 12 years' 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.

WELFARE ACTIVITIES

Playtech recognises the value in keeping employees engaged and well motivated. Welfare programs 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,

Following a recent software release, Playtech's Virtue Fusion team headed to a local bar to celebrate, with music provided by the in-house Ben and the Bingo Band.

OUR SUSTAINABILITY CONTINUED

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 the Nike night run in Tel Aviv, the Estonia Marathon and 'Vertical Rush' a sponsored run up the stairs of Tower 42 in London.

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.

Once again, Playtech's people were well represented in leading gaming magazine GIQ's 'Hot 50' talented people.

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 10 years has benefited both Playtech Estonia and Videobet by improving retention.

EMPLOYEE CONDUCT

During 2013, Playtech's Board approved and adopted a new Code of Conduct and a new 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.

Both policies were disseminated to all employees, and line managers tasked with ensuring that the policies were communicated to and understood by employees through training initiatives.

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 ensures 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 active 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.

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 also holds an official Certificate of Prior Approval from the Alderney Gambling Control Commission (AGCC). In other regulated markets, such as Italy, France, Spain, 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.

Playtech is one of the most licensed B2B suppliers

An active member of the Remote Gambling Association (RGA)

BOARD OF DIRECTORS

Alan Jackson (aged 70)
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 following the retirement of Roger Withers.

Career:
Alan has over 30 years' experience in the leisure industry. From 1973 to 1991, he occupied a number of positions at Whitbread, 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 is also Deputy Chairman and Senior Non-executive Director at Redrow plc.

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 38)
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 designed 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 Board and attends the Remuneration, Risk & Compliance and Nominations Committees at the invitation of the chairs of those committees.

Ron Hoffman (aged 37)
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 ten 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 Board 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 52)
Non-executive Director

Appointment to the Board:
Hilary was appointed to the Board in October 2013.

Career:
Hilary is a qualified solicitor, and worked in-house at Labrokes plc becoming head of the in-house gambling division before joining the law firm Berwin Leighton Paisner LLP as a Partner in 2000.
She joined DLA Piper in 2011, and will remain a consultant with the firm when she leaves the partnership in May 2014. Ms. Stewart-Jones is recognised as a leading international expert in gambling law and has over 15 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 71)
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 list.

Career:
Andrew has enjoyed a career as an accountant and businessman, much of which 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 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 publically 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.

GOVERNANCE

The Board recognises that high standards of corporate governance have become a necessary condition for sustainable success in business.

Alan Jackson, Chairman

Dear Shareholder

I am pleased on behalf of the Board to present Playtech's Governance Reports to shareholders. At a time when breaches of corporate governance regularly appear in the news headlines and result in companies facing increasingly severe fines and regulatory scrutiny, it is important that the Group is managed with honesty and integrity. The Board recognises that high standards of corporate governance have become a necessary condition for sustainable success in business. The Group remains committed to supporting its licensees operating in regulated markets. Supporting operations in regulated jurisdictions and, where required, ourselves holding and maintaining regulatory licences, requires sound governance and controls. Therefore a focus on ensuring that the Group has an appropriate governance framework is a strategic imperative.

Our governance framework includes our Code of Conduct, which was revised and updated during the year and a separate Anti-Bribery Policy, also adopted by the Board, are key to the way in which we work both in respect of our relationships with our customers and regulators and also with our colleagues across multiple jurisdictions. These can both be found on our website at www.playtech.com.

The Board is therefore committed to maintaining high standards of corporate governance, which it considers to be central to the effective stewardship of the business and to maintaining the confidence of stakeholders. Along with other companies, in order to keep up the momentum of improving governance, we need to move beyond simple compliance, to ensuring that we have in place an appropriate governance structure that ensures the Company 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.

In developing our framework for corporate governance and managing our business, the Board needs 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 exceptional growth they have achieved over the recent past. Our approach, therefore, needs to enable us to clearly focus on the key risks facing the Group and 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.

Alan Jackson
Chairman
20 February 2014

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. In September 2012 the Financial Reporting Council published the 2012 edition of the UK Corporate Governance Code (the "Code"), which contains broad principles and specific provisions to assist boards operate. The Code applied to Playtech throughout the financial year ended 31 December 2013.

COMPLIANCE STATEMENT

We have made significant improvements during the year both to our Board structure and our governance procedures and I am delighted to be able to report that many of the matters where we were not fully compliant as stated in our 2012 Annual Report, no longer apply. In particular, since the retirement of Roger Withers and my appointment as Chairman, the Company is considered to be fully in compliance with provision A.3.1 of the Code.

On the retirement of Roger Withers on 9 October 2013, Hilary Stewart-Jones was appointed as a non-executive director considered to be independent by the Board. Ms. Stewart-Jones is a leading international expert in gambling law and has over 15 years' experience advising companies on gambling related matters and is currently a partner in the firm of DLA Piper LLP (the "Firm") although she has tendered her resignation from the partnership. However, she will remain at the Firm as a part-time consultant. The Firm has provided 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's 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.

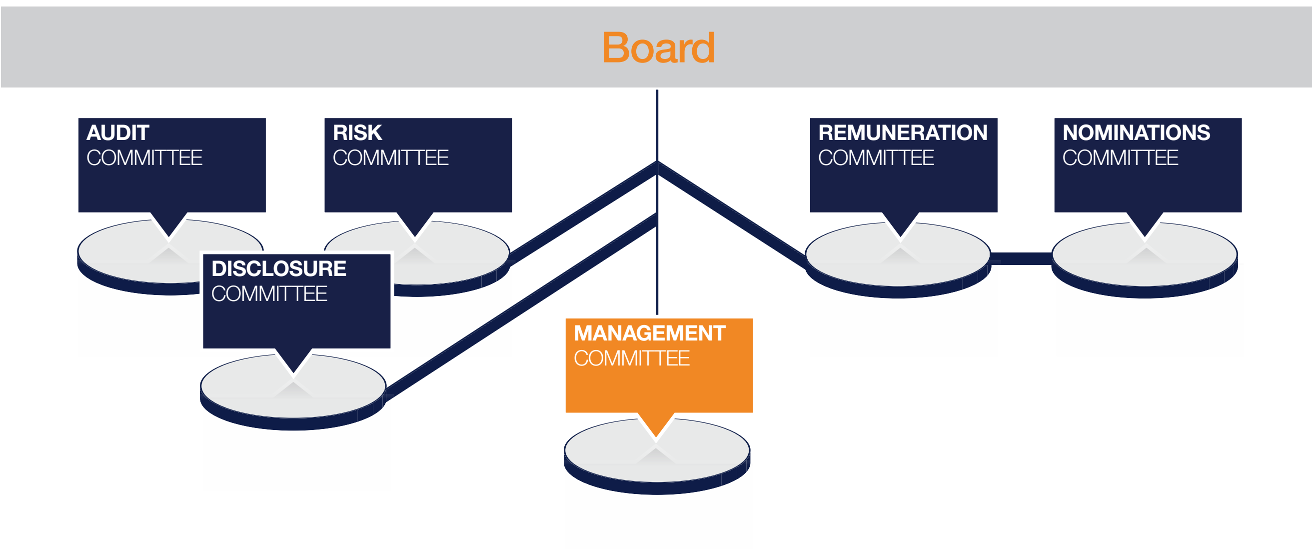
In addition, as disclosed in last year's report, certain historic option awards made to executive directors (all of which were made while the Company was on the Alternative Investment Market) do not contain any performance-related vesting conditions. These awards have now almost entirely vested and been exercised. The current policy of the Remuneration Committee as stated in its report on pages 57 to 69 is that vesting of all awards to directors and senior management should be dependent on the achievement of challenging performance criteria reflecting Playtech's objectives, including non-financial performance metrics where appropriate, to align with the interests of shareholders generally.

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.

HOW WE GOVERN THE COMPANY

Our governance structure comprises the functions shown below, supported by the Group's policies and controls



DIRECTORS' GOVERNANCE REPORT CONTINUED

THE BOARD

Composition

As at 31 December 2013, the Board comprised the Non-executive Chairman, the Chief Executive Officer, the Chief Financial Officer, together with two independent non-executive directors. The list of directors holding office during the year to 31 December 2013, their responsibilities are set out in the table below.

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 Director
Andrew Thomas	Non-executive, Senior Independent Director
Roger Withers	Non-executive Chairman (until 9 October 2013)

All of the directors served throughout the financial year, with the exception of Roger Withers, who resigned on 9 October 2013, and Hilary Stewart-Jones, who was appointed on the same date.

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 judgment, as explained above.

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

BOARD OPERATION

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

Chairman

- Overall effectiveness of the running of the Board;
- Ensuring the Board as a whole plays a full part in the development and determination of the Group's strategic objectives;
- Keeping the other directors informed of shareholders' attitudes towards the Company;
- Safeguarding the good reputation of the Company and representing it both externally and internally;
- Acting as the guardian of the Board's decision making processes; and
- Promoting the highest standards of integrity, probity and corporate governance throughout the company and particularly at Board level.

Chief Executive Officer

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

Month	Matters considered
February	Consideration of valuation to be put on the Company's 29% interest in William Hill Online and agreement on a price of approximately £424 million
March	Approval of terms of agreements with Ladbrokes plc Receiving the recommendation from the audit committee in respect of the effectiveness of the Company's risk management and internal controls, the adoption of the going concern statement, impairment and reappointment of the auditors. Review of the 2012 financial results and approval of the Annual Report & Accounts Consideration of the final dividend Approval of notice of AGM and resolutions to be put to the meeting
April	Consideration of the Group's banking and treasury arrangements including in relation to proceeds of sale of the Company's 29% interest in William Hill Online Consideration of potential acquisitions Approval of plans to restructure and increase the capacity of the Group's software development capabilities Receive and approve plans for the implementation of new sales processes and restructuring of sales teams Consideration of the strategic plan for Videobet
May	Consideration of potential partnership opportunities Preparation for the AGM Approval of trading statement
June	Consideration of recommendations from Canaccord Genuity regarding possible return of capital to shareholders and timing thereof Consideration of proposed acquisition of Poker Strategy and appointment of committee to finalise terms of the acquisition Review of potential opportunities in newly regulated markets and associated costs
July	Board succession Consideration and approval of proposals to establish a social gaming operation and associated budget impact Receive CEO's strategic update on the Group's operations and opportunities
August	Finance review including consideration of the interim results Consideration of interim dividend Consideration of various acquisition opportunities
October	Directorate change Receiving reports on the progress of the agreements with Ladbrokes plc Review of relationships with significant licensees
November	Consideration of the impact of changes in the UK gambling licensing and taxation regime on the Group Consideration of various acquisition opportunities Consideration of proposed changes to Listing Rules in particular as these impacted the company's relationship agreement with Brickington Trading Limited Approval of revised code of conduct and anti-bribery policy

DIRECTORS' GOVERNANCE REPORT CONTINUED

HOW THE BOARD FUNCTIONS

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

The Board meets regularly and frequently, with 8 meetings scheduled and held in 2013. 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 budget for 2013, the exercise by William Hill plc of its option to acquire the Company's 29% stake in William Hill Online, the disposal of the Group's shareholding in Sportech plc and other matters.

During the year, the Chairman met the other non-executives 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 reports on legal, regulatory and investor relations matters at the board meetings, the following other matters were considered by the Board during 2013 are set out in the table on the previous page.

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 Estonia, giving the Board an opportunity of reviewing the Group's operations and facilities in Tartu and Tallin, and a meeting was held in Barcelona 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 the Board decisions. In addition, certain members of the senior management team including the Chief Operating Officer, the General Counsel, the Head of Regulatory Affairs 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.

	Board	Audit	Remuneration	Nomination	Risk
Number of Meetings					
Roger Withers[1]	7 of 8	2 of 2	4 of 5	2 of 2	2 of 4
Alan Jackson	8 of 8	2 of 2	5 of 5	2 of 2	4 of 4
Mor Weizer	8 of 8	-	-	-	-
Ron Hoffman	8 of 8	-	-	-	-
Andrew Thomas	8 of 8	2 of 2	5 of 5	2 of 2	4 of 4
Hilary Stewart-Jones[2]	2 of 8	-	1 of 5	-	2 of 4

(1) resigned 9 October 2013

(2) appointed 9 October 2013

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 coordinating 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;
- the entering into of 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 Nomination Committee. The minutes of each of these committees are circulated to and reviewed by the Board. The Company Secretary & Legal Counsel 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 54 to 56 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 57 to 63 and details the Remuneration Committee's membership, activities during the year and the policy on remuneration. The Chairman of the Remuneration Committee attends the AGM to respond to any Shareholder questions that might be raised on the Remuneration Committee's activities.

RISK & COMPLIANCE COMMITTEE REPORT

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)

As part of its processes in connection with Playtech's move from AIM to a premium listing on the main market of the London Stock Exchange, and ensuring compliance with the principles of the Code, the Board conducted a review of its processes for identifying and managing the significant risks impacting on the business of the Group. Following this review, the Board concluded that the remit of the previous Risk Committee of the Board should be expanded to encompass a more significant review of the risks which could impact on the Group's businesses arising from changes in the regulation of online gambling in the markets in which it and its licensees operate.

The revised Risk & Compliance Committee was chaired by Alan Jackson up until his appointment as the Chairman of the Company, when he stood down from the chair of the committee but remains a member. Hilary Stewart-Jones took over as the Chairman of the Committee on her appointment on 9 October 2013. The other members of the committee are Andrew Thomas, Non-executive Director, David McLeish, General Counsel, and Ian Ince, Head of Regulatory Affairs and Compliance. Mr Ince recently joined the company from Sportingbet plc, where he had been responsible for the regulatory and compliance function for over three years. The Company Secretary & Legal Counsel, Paul Wright is secretary to the committee.

In addition, PwC LLP, in their capacity as providers of internal audit services, and executives of the Group including Jochanan Sommerfeld, 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;
- Monitoring incidents and remedial activity;
- Agreeing and monitoring the risk assessment programme including, in particular, changes to the regulation of online gambling and the assessment of licensees' suitability;

DIRECTORS' GOVERNANCE REPORT CONTINUED

- To 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; and
- To satisfy itself and report to the Board that the structures, processes and responsibilities for identifying and managing risks are adequate.

A copy of the terms of reference of the Risk & Compliance Committee is available from the Company's website www.playtech.com.

The Risk & Compliance Committee met four times during the year, and a summary of the matters considered by the committee are set out below:

- monitoring 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;
- consideration of 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 licenses in existing or newly regulated markets;
- monitoring 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 licenses;
- consideration of the overall effectiveness of the compliance strategy and the regulatory risks to the Group's operations and revenues;
- receiving and considering reports on discussions with, and the results of audits by, regulators;
- consideration and approval of proposed new code of conduct and anti-bribery policy and of plans for implementation of enhanced training in these areas;
- reviewing reports by PwC as external advisers on risk management on its review and testing of internal security controls and processes in the Group's key development centres, including assessment of the risks of unauthorised access to the systems or loss of intellectual property assets and proposed steps to be taken to mitigate any risks identified;
- reviewing reports by PwC as external advisers on risk management on its review of business continuity plans at the Group's development facilities and proposals for the enhancement and/or improvement of such plans; 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, and the item is a standing agenda item for consideration at each board meeting. It 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.

PRINCIPAL RISKS

A table setting out the principal significant risks identified by the Risk & Compliance Committee and the mitigating actions that have been undertaken by the Group in relation to these is set out on pages 34 and 35 of this document.

NOMINATION COMMITTEE

The Board is required by the Code to establish a Nomination Committee which should lead the process for Board appointments and make recommendations for appointments to the Board. A majority of members of the Nomination 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 Nomination Committee comprises Alan Jackson (Chairman), and all of the Non-Executive Directors in office at the date of this Report. Roger Withers was Chairman of the Nomination Committee until he retired on 9 October 2013.

The Nomination Committee meets on an as needed basis and members' attendance is set out in the table on the previous page.

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 Nomination Committee reviews the senior leadership needs of the Group to enable it to compete effectively in the marketplace. The Nomination Committee also advises the Board on succession planning for Executive Director appointments although the Board itself is responsible for succession generally.

The Nominations Committee met twice in 2013. One meeting focused on the consideration of candidates for the appointment of an additional non-executive director that led, after a process involving the review of a number of potential candidates, to the appointment of Hilary Stewart-Jones. Consideration was given to whether Hilary would have sufficient time available to devote to her duties and her independence. It was felt that Hilary's extensive regulatory experience as a leading lawyer in the field of gambling would provide a valuable addition to the Board, in particular as Roger Withers was standing down from the Board, and so the Board would lose his extensive industry experience. In addition, Hilary would enhance the diversity of viewpoints around the boardroom table.

In addition, the committee considered the formal establishment of a Management Committee consisting of senior managers in the business. It is considered that the establishment of a formal committee will assist in the identification and development of suitable candidates for executive roles within the Company and the overall composition of the Board and senior management team in terms of nationality, gender, experience, independence and skillsets. At this stage, the Nomination 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. Consideration of the benefits of diversity on the Board in all its aspects, including gender will be an important part of this process.

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), Paul Wright (Company Secretary & Legal Counsel) and Adam Kay (Head of Investor Relations).

MANAGEMENT COMMITTEE

The senior management committee has recently been established to further improve the Group's decision making processes and it is the key management committee for the Group and comprises the Executive Directors of the company. The members of the committee are Mor Weizer (Chief Executive Officer), Ron Hoffman (Chief Financial Officer) Shay Segev (Chief Operating Officer), Shimon Akad (VP Operations), David McLeish (General Counsel), Paul Wright (Company Secretary & Legal Counsel) and Ian Ince (Head of Regulatory Affairs and Compliance). The committee considers and discusses plans 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. The formal minutes of the committee are circulated to the Board after meetings.

BOARD TENURE

In accordance with the 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. Accordingly, Hilary Stewart-Jones will stand for re-election at this year's AGM. 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 the directors are seeking their re-appointment 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 & Legal Counsel, and in this regard the Company would meet their reasonable legal expenses.

DIRECTORS' GOVERNANCE REPORT CONTINUED

BOARD EFFECTIVENESS

Board balance

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. With this in mind, recognising the increasing importance of regulation of online gambling to the company and its licensees, following the recommendation of the nominations committee, Hilary Stewart-Jones was appointed to the Board. Hilary has brought to Board discussions a wealth of insight into regulatory matters and the potential strategic impact of changes in the legal and regulatory landscape of the gambling industry.

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 regards 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. Prior to his departure as Chairman, Roger Withers, in discussion with the Senior Non-executive Director, undertook a review of the performance of individual directors. Alan Jackson as Senior Non-executive Director considered the performance of Mr. Withers, 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. An external evaluation of the Board has not been held in the past however it is the board's intention that an external facilitator will be used during the course of 2014.

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. In 2013, following Hilary Stewart-Jones's appointment, meetings were set up with the Company's auditors and visits were arranged for her to the Group's offices in Estonia and the UK to better understand Group operations, and a trip to Israel is planned for later in 2014.

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. Following his appointment as Chairman, Alan Jackson met with a number of shareholders to discuss the Company's business strategy. In particular the Chief Executive Officer and Chief Financial Officer prepare a general presentation for analysts and institutional shareholders following the interim and preliminary announcements. Details of these presentations together with the Group's financial statements and other announcements can be found on the investor relations section of the Company's website. Further presentations are also prepared following significant acquisitions and whenever the Board considers it beneficial to shareholders to do so. Regular meetings with shareholders and potential shareholders are also held by the Head of Investor Relations, and in conjunction with either the Chief Executive Officer or the Chief Financial Officer.

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

The Company's largest shareholder is Brickington Trading Limited ("Brickington"). Brickington is a wholly owned subsidiary of a trust, one of the ultimate beneficiaries of which is Teddy Sagi, one of the Group's founders. In connection with the Company's admission to the main list, the Company, Canaccord Genuity Limited 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 has 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. 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 has entered into an agreement with the Company pursuant to which he will, as and when requested to do so by the company, provide advisory services to the Company for a nominal fee of €1.00 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 opportunities and transactions.

Shareholders are encouraged to participate in the Company's annual general meeting, at which the Chairman will present the key highlights of the Group's performance. The Board will be available at the annual general meeting 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 the Canaccord Genuity to confirm shareholder sentiment and to consult on governance issues.

During 2013, forty-nine 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 2013 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

AUDIT COMMITTEE REPORT

Andrew Thomas,
Chairman of Audit Committee

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. During the year, while he was a non-executive director, Roger Withers sat on the Committee. The Code recommends that a minimum of three independent non-executive directors should serve on the Audit Committee and the Company is now compliant with this recommendation.

The Chief Financial Officer attended all meetings of the Audit Committee by invitation and the Group Financial Controller was invited to attend the meeting of the Committee that considered the audited accounts and the interim statement, 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 management in order to understand more fully the context and challenges of Playtechs' business operations and thereby ensure the Committee's time was used most effectively. He also visited various parts of the business and met informally with a number of members of management below Board level to gain a deeper insight into areas relevant to the role of the Committee. 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 and 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 judgments of management in relation thereto before submission to the board;
- monitor the implementation of the Company's Code of Business Ethics ("Code of Ethics") and compliance with their provisions;
- review 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;
- review promptly all reports on the Company from the internal auditors and reviewing and assess the annual internal audit plan;
- 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 in accordance with the appropriate committee policy to limit the value of any non-audit services provided by the auditors to 100% of the audit fees in the absence of any exceptional circumstances.

AUDIT COMMITTEE ACTIVITIES

In 2013, the Audit Committee met formally twice and informally twice. Its work included reviewing the final and interim financial statements and matters raised by management and BDO. These included consideration of the following key judgements applied in the preparation of the consolidated financial statements, which are described in the relevant accounting policies and detailed in the notes to the financial statements on pages 79 to 110.

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.

Goodwill & 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, other intangible assets and the investments in subsidiaries 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. The key assumptions applied in the calculation relate to the future performance expectations of the business unit. 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 investments, goodwill or other intangible assets.

Legal & 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 is being introduced that will require the Group to obtain regulatory licenses as a software provider and also to provide its poker and bingo networks. 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 Affairs 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.

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.

Other matters that were considered by the Committee during the year included:

- the valuation of available for sale investments held by the Group;
- the appropriate treatment for the proceeds arising from the sale of the Group's interests in William Hill Online and Sportech PLC;
- the management of the Group's cash balances (in particular the effectiveness of the Group's treasury management and hedging practises) and stability of the Group's banking relationships;
- the effectiveness of the Group's system of internal controls and risk management;
- updates on people risk, and cybersecurity risks;
- the results of internal audit reviews, management action plans to resolve any issues arising and the tracking of their resolution; and
- the Group's policies for preventing fraud, bribery, its employee code of conduct and its business ethics and anti-bribery policy.

AUDIT COMMITTEE REPORT CONTINUED

INTERNAL CONTROL

The Company has 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, Jochanan Sommerfeld.

During the year, PwC were engaged to perform a review of the organisation's centralised information security controls in place, nonspecific to a location or product. This work included a focus on the Group's Data Loss Prevention (DLP) tools; static code analysis tools; management of DDoS (Distributed Denial of Service) attacks and security incident and event monitoring. In addition PwC undertook a workshop, to provide an indication of the overall status and maturity of the business continuity framework within the Group. 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 internal auditor 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 on-going independent assurance that these key processes are effective.

The Board confirms that any necessary action will be taken to remedy any significant failings or weaknesses identified from the review. 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;
- discussion with the auditor of a written report detailing all relationships with the Company 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 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, none of which exceeded the non-audit work threshold level referred to above and details of which are contained on page 93 of the financial statements.

BDO were selected to undertake these tasks due to their familiarity with the gambling industry and in relation to taxation matters, 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 detail of the non-audit fees is included in Note 6 to the financial statements on page 93.

The audit engagement partner, having acted in this role for five years, would cease to act in this capacity in accordance with Auditing Practices Board (APB) Ethical Standards. As disclosed in the 2012 Report & Accounts, the Audit Committee determined, with the agreement of BDO LLP, that it is necessary for the current audit engagement partner to continue in this role until the AGM in 2014 in order to safeguard audit quality, as permitted by the APB Ethical Standard 3 (Revised). This will allow him to sign the report and accounts for the year ended 31 December 2013.

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 UK Corporate Governance Code 2012. The Audit Committee will comply with the Competition Commission Order relating to the statutory audit market for FTSE 350 companies, which is expected to come into effect from 1 October 2014. Under the transitional arrangements, the Audit Committee expects a formal tender process to be held no later than two years from the end of the current audit engagement partner rotation period. As partner rotation is due in the year ended 31 December 2014, a tender process is expected to be held no later than 2018.

Andrew Thomas
Chairman of Audit Committee

REMUNERATION REPORT

Hilary Stewart-Jones,
On behalf of the Remuneration Committee

Dear Shareholder

I am pleased to present the directors' remuneration report for the year to 31 December 2013 to shareholders on behalf of the Board. This is my first report to shareholders as Chairman of the Remuneration Committee, having taken over from Alan Jackson on 9 October 2013 and I would like to thank him for his contribution and for his support since stepping down.

Business Performance

This has been another important year in the development of Playtech, with the Group receiving approximately £424 million for the Group's stake in William Hill Online, following completion of a valuation process. This outcome delivered a cash-on-cash return of more than 3.5 times including the share of profits received and excluding software royalties. In recognition of the significant value created by this transaction, the Board announced a special dividend to shareholders on 20 February 2014.

The underlying performance of the business has also been very strong in the year, with revenues increasing 16% and adjusted EBITDA for the year, excluding the contribution from William Hill Online, increasing by 17%, well ahead of the targets set by the Board at the outset of the financial year. This exceptional outcome has been achieved through the efforts of a talented leadership team.

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 Playtech's position as the software and services provider of choice to the gambling sector. As a company operating in the gambling sector, Playtech takes its social responsibilities seriously and our remuneration policies reflect a continued commitment to responsible gambling through our own and industry initiatives. Remuneration is delivered via modest fixed remuneration and incentive-based remuneration enabling the executives to be rewarded for delivering superior financial performance and returns to shareholders. The Committee believes these measures reinforce 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.

In common with many remuneration committees, we have been particularly conscious of the environment for pay in listed companies. We have monitored closely the policy statements received from our shareholders and have sought to respond to the Government's consultations on executive pay. This report, as required by the UK Corporate Governance Code introduced by the Financial Reporting Council in June 2010 (the "Code"), describes how the Board has applied the principle of the Code to director's remuneration.
On 1 October 2013, the Department of Business, Innovation and Skills implemented new Directors' Remuneration Regulations in the UK, which require companies incorporated in the UK to disclose additional information surrounding remuneration. Although Playtech is an Isle of Man incorporated entity and as such is not required to comply with the new UK regulations, we recognise the importance of shareholder transparency. In that regard, the Company intends to comply with the new UK regulations and the report below is divided into a section that reports on the implementation of the Company's stated remuneration policy and a section setting out the Company's remuneration policy for approval.

Given the strong financial performance of the business, the delivery of a substantial return on investment from William Hill Online and the other important strategic steps that the Group has taken through the year, the Remuneration Committee considered that the executive directors had satisfied both the financial targets and the other strategic objectives given to them for the year, including strengthening the Group's regulatory functions and ethical policies. Accordingly, a maximum bonus has been approved by the committee. No material changes are proposed to the remuneration policy from that presented last year. Further details of the Company's remuneration policy and structure are provided in the report.

We believe that the remuneration policy and incentive framework we are putting in place is working well to support the Company's strategy in the current economic environment, is helping to retain and motivate our management team and is helping to drive strong returns for our shareholders. Separate resolutions will be put to shareholders at the annual general meeting on 21 May 2014 inviting them to approve the remuneration policy and the implementation report.

Hilary Stewart-Jones
On behalf of the Remuneration Committee

Strategic report
Governance
Financial statements

REMUNERATION POLICY REPORT

REMUNERATION POLICY REPORT

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 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 executives 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:

- 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 Committee believes that it's remuneration policy creates a coherent and appropriate framework for remunerating directors and 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. A separate resolution will be put to shareholders at the annual general meeting on 21 May 2014 ("AGM") to approve the policy which, if approved, will take effect from the date of the AGM and will apply until shareholders next consider and vote on the policy.

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

At a glance

Element & 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

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

REMUNERATION POLICY REPORT CONTINUED

EXPLANATION OF CHOSEN PERFORMANCE MEASURES AND TARGET SETTING

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

The performance targets are reviewed each year to ensure that they are sufficiently challenging. When setting these targets the committee will take into account a number of different reference points including, for financial targets, the Company's business plan and consensus analyst forecasts of the Company's performance. Full vesting will only occur for what the 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 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 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 twelve 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 twelve 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 twelve 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 disapply pro-rating or to permit awards to vest on cessation of employment. The Committee acknowledges that Director's 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.

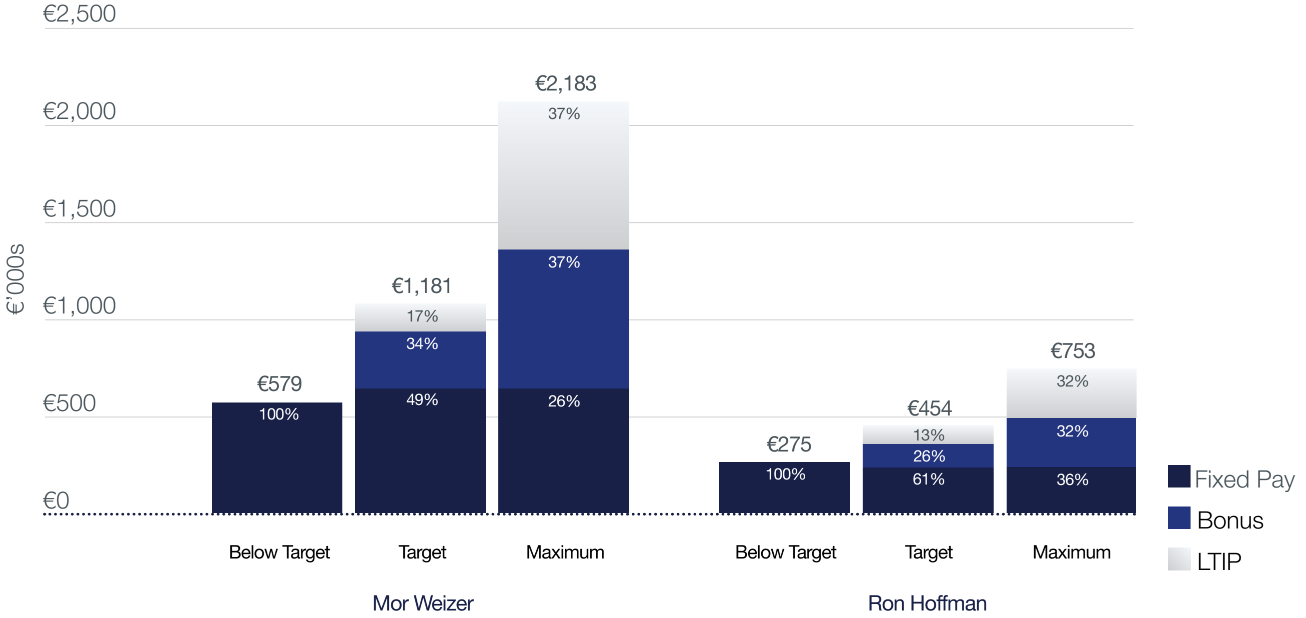
The following is a summary of the key terms of the letters of appointment for the non-executive directors:

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 to her position as a non-executive director on 9 October 2013. 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 Annual General Meeting.

REMUNERATION POLICY REPORT CONTINUED

Total remuneration opportunity



REMUNERATION POLICY ILLUSTRATIONS

The graphs above show an estimate of the remuneration that could be received by Executive Directors under the policy set out in this report. Each bar gives an indication of the minimum amount of remuneration payable, remuneration payable at target performance and remuneration payable at maximum performance to each Director under the policy.

Each of the bars is broken down to show how the total under each scenario is made up of fixed elements of remuneration, the annual bonus and the LTIP.

The assumptions underlying the chart in respect of the percentage of maximum opportunity are set out below:

	Threshold	Target	Maximum
Bonus	0%	50%	100%
LTIP	0%	25%	100%

	Mor Weizer	Ron Hoffman
Salary	€534,725	€238,757
Benefits	€17,583	€24,604
Pension	€26,736	€11,783

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 Remuneration 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 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 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 Policy Report, 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.

DISCRETIONS VESTED IN THE 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 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 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

1. Directors' Emoluments (in euros)

Director	Mor Weizer		Ron Hoffman[4]	
	2013	2012	2013	2012
Salary[1]	**534,725**	571,649	**238,757**	n/a
Bonus[2]	**802,088**	208,518	**238,757**	n/a
Long-term incentives	**nil**	100,402	**24,747**	n/a
Benefits[3]	**17,583**	20,009	**24,604**	n/a
Pension[4]	**26,736**	nil	**11,783**	n/a
Total Emoluments	**1,381,132**	900,578	**538,648**	n/a

(1) The basic salary of the executive directors did not increase between 2012 and 2013. Any difference in the table above arises because the basic salary of the executive directors is determined in pounds sterling and the converted into euros at the average exchange rate applicable during the relevant financial year for the purpose of this report.

(2) The figure for bonuses in 2013 above, represents a payment at the maximum opportunity for the executive directors given achievement of the financial and non-financial targets set for the executives at the start of the year. Details of the how the annual performance bonus for the executive directors has been determined as set out below.

(3) Benefits include private medical insurance, permanent health insurance, car and life assurance. In addition, as Ron Hoffman was required to relocate from Israel on his appointment and is now based in Cyprus, his rent and other accommodation expenses in Cyprus are paid by the Company.

(4) Appointed to the Board on 1 January 2013.

2. Non-executive directors' emoluments (in euros)

Director	Fees		Annual bonus		Benefits		Pension		Total emoluments	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Alan Jackson	**246,055**	185,072	**nil**	nil	**nil**	nil	**nil**	nil	**246,055**	185,072
Andrew Thomas[1]	**106,844**	61,520	**nil**	nil	**nil**	nil	**nil**	nil	**106,844**	61,500
Hilary Stewart-Jones[2]	**45,049**	n/a	**nil**	nil	**nil**	nil	**nil**	nil	**45,049**	n/a
Roger Withers[3]	**337,847**	537,668	**nil**	nil	**nil**	nil	**nil**	nil	**337,847**	537,668

(1) Andrew Thomas was appointed on 19 June 2012 therefore the comparable figure for 2012 represents only part of the financial year.

(2) Hilary Stewart-Jones was appointed to the Board on 9 October 2013 therefore the figure for 2013 only represents part of the year.

(3) Roger Withers retired from the Board on 9 October 2013. As previously announced Roger Withers has been retained as a special adviser on industry matters, until the end of September 2014.

DETERMINATION OF 2013 BONUS

In 2013 the CEO and CFO had the opportunity to earn a bonus of 150% and 100% of salary respectively as stated in the Company's remuneration policy. The 2013 performance was 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 €168.3 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 over 105% of target. Adjusted EBITDA for the financial year ended 31 December 2013 was €177.5 million and Adjusted EBITDA (excluding the share of profit of WHO) was €159.4 million representing 17% increase on prior year.

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 businesses 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 92. The non-financial performance targets were selected to underpin key strategic objectives of the Group, in particular recognising the challenges for the senior management team in obtaining a satisfactory price for the sale of the Company's stake in William Hill Online and replacing the regulated revenue lost from the share of profit.The committee determined that the bonus payable for 2013 was €802,088 for the CEO (100% of the maximum) and a bonus of €238,757 for the CFO (100% of the maximum).

These bonus payments were determined against corporate financial performance which was significantly ahead of budget and over 100% of target and full achievement of personal objectives.

LTIP Awards

No awards have been made under the LTIP to date.

Termination Payments

As disclosed in last year's remuneration report, the former CFO, David Mathewson was paid a sum of €276,288 as a pro-rata payment of his bonus entitlement, representing 75% of his maximum entitlement following the termination of his employment on 31 December 2012.

REMUNERATION DECISIONS MADE IN 2013

Salary and benefits in kind

The 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. While base salaries around the Group rose by an average of 11 per cent, during the financial year to 31 December, 2013, there were no increases to base salary for Executive Directors.

The current basic salary levels of the Executive Directors are:

- M. Weizer: £450,000 (equivalent to €534,725 at the average exchange rate between £ and € used in the accounts)
- R. Hoffman: £200,000 (equivalent to €238,757 at the average exchange rate between £ and € used in the accounts)

In October 2013 the Board reviewed the fees payable to non-executive directors and decided that it was appropriate to increase the fee to £100,000 per annum to reflect core responsibilities and additional duties as chair of a board committee.

Annual bonus

For 2014, 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 the Committee was mindful of the impact of regulatory change in the UK (the Group's largest single market) and the loss for the entire year of the profit contribution from William Hill Online 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 ten years after the date of grant (or such shorter period in respect of vested options held by a leaver).

Awards granted in 2014 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 includes William Hill, 888 Holdings, BWIN Party, Ladbrokes, SNAI, IGT, Betfair Group, Gtech, Intralot, Paddy Power and Scientific Games, 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.

ANNUAL REPORT ON REMUNERATION CONTINUED

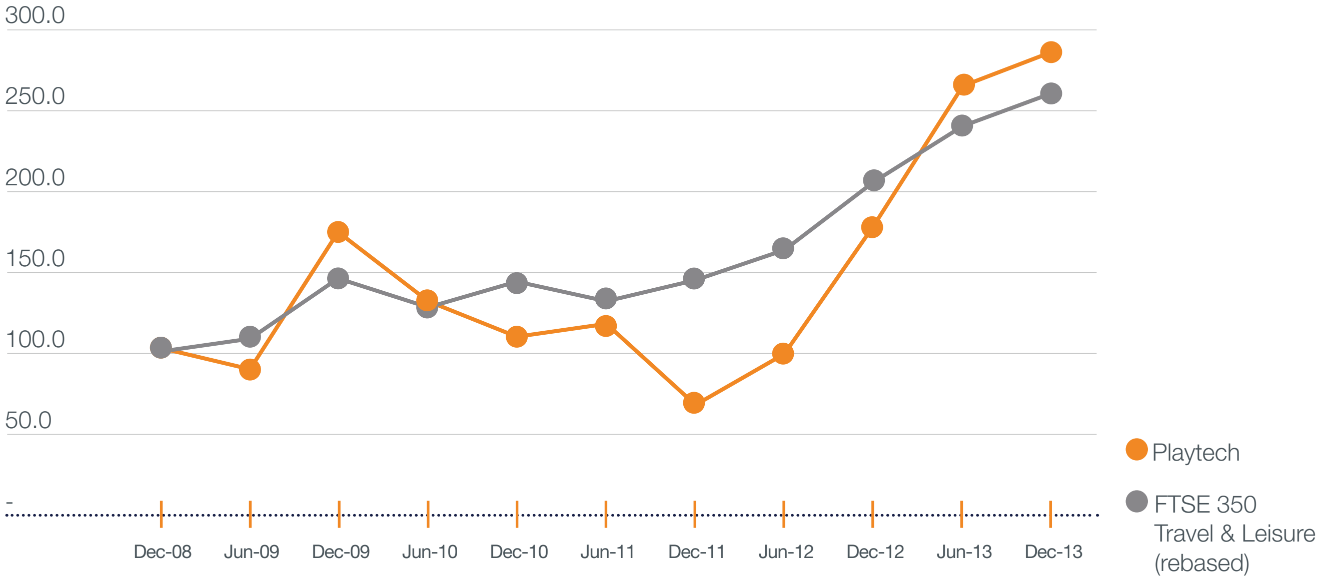
DILUTION LIMITS

All of the Company's equity based incentive plans (other than the Option Plan which was established before the Company's floatation 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 2013.

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



The Committee believes that the current Executive Director 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 Committee constantly reviews the business priorities and the environment in which the Company operates. The table below shows Mor Weizer's total remuneration 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
Total Remuneration (£'000)	€ 636	€ 826	€ 808	€ 800	**€ 1,381**
Annual bonus (%)	54%	48%	34%	100%[1]	**100%**
LTIP vesting (%)[2]	n/a	n/a	n/a	n/a	**n/a**

(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 2013, Mor Weizer received no increase in salary or taxable benefits and (after waiving part of his 2012 bonus, as disclosed below) 174% bonus more than the equivalent amounts for the year ended 31 December 2012. For the financial year ended 31 December 2012, Mor Weizer decided in light of his overall aggregate remuneration, to waive €600,000 of his bonus, representing approximately three quarters of the annual bonus that he would have been entitled to receive based on the financial and non-financial measures set out at the start of the year. The average percentage changes for all UK-based full-time employees were 5% salary increase, 47% increase in benefits and 0% increase in bonus payments respectively. The reason for the increase in benefits across the UK relates to the introduction of a harmonised benefits package across the Group's UK operations, including the provision of Group stakeholder pension provision. The UK workforce was chosen as a comparator group as the Committee looks to benchmark the remuneration of the Chief Executive Officer with reference mainly to the UK market (albeit that he has a global role and responsibilities, and remuneration packages across the Group vary widely depending on local market practises and conditions).

RELATIVE IMPORTANCE OF SPEND ON PAY

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

Pay-outs	2013 €m	2012 €m	Change %
Dividends[1]	**188.5**	67.3	180
Share buy-backs	**nil**	nil	n/a
Total employee remuneration[2]	**111.0**	99.9	10

(1) The total dividend in respect of the year ended 31 December 2013 is calculated on the basis that the shareholders approve the proposed final dividend of 15.4 € cents per share and includes the special dividend declared as a second interim dividend of 34.1 pence sterling per share on 20 February 2014.

(2) Total employee remuneration for continuing and discontinued operations, includes wages and salaries, social security costs, share-based payments and pension costs for all employees, including the Directors. The average number of employees, including Directors and part-time employees in continuing and discontinued operations was 3,261 during the financial year to 31 December 2013.

DIRECTORS INTERESTS IN OPTIONS

	Number of Options at 1 January 2013 or date of appointment[1,2]	Date of grant	Exercise price	Exercised during the year[3]	Number of options at 31 December 2013 or cessation of employment	Expiry of exercise period
Mor Weizer	600,000	16 May 2007	£3.79	600,000	nil	16 May 2017
	200,000	6 November 2009	£3.70	200,000	nil	6 November 2019
Ron Hoffman	50,000	18 April 2010	£5.12	25,000	25,000	18 April 2015
	32,500	11 March 2011	£3.52	nil	32,500	11 March 2021

(1) Share 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 ten 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.

(3) Mor Weizer exercised 800,000 share options on 18 March 2013. In accordance with the rules of the Option Plan, the Company has in lieu of issuing new shares elected to pay the cash equivalent being the closing market value of the Company's ordinary shares on the day immediately prior to the date of exercise of the option, being £6.465, less the cost of exercise of the option, resulting in an aggregate cash payment of £2,158,000. On the same date Ron Hoffman exercised 25,000 options having an exercise price of £5.12 In accordance with the rules of the Option Plan, the Company has in lieu of issuing new shares elected to pay the cash equivalent being the closing market value of the Company's ordinary shares on the day immediately prior to the date of exercise of the option, being £6.465, less the cost of exercise of the option, resulting in an aggregate cash payment of £33,625.

ANNUAL REPORT ON REMUNERATION CONTINUED

The share price on 31 December 2013 was 737p and the share price ranged between 422.5p and 761.5p during the year.

None of the non-executive directors have any options over shares in the Company.

DIRECTORS' INTERESTS IN ORDINARY SHARES

	Ordinary Shares		Share Options		Total Interests
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013
Executive Directors					
Mor Weizer	**nil**	nil	**nil**	400,000	nil
Ron Hoffman	**nil**	nil	**57,500**[1]	82,500	57,500
Non Executive Directors					
Alan Jackson	**5,000**	5,000	**nil**	nil	5,000
Andrew Thomas	**7,500**	7,500	**nil**	nil	7,500
Hilary Stewart-Jones	**nil**	n/a	**nil**	n/a	nil

(1) These options represent two grants: options over 25,000 ordinary shares vested and are exercisable and options over 32,500 ordinary shares, which will vest on 11 March 2014, after which date they will be exercisable.

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 Alan Jackson until he took up the role of Chairman of the Board on 9 October 2013, after which Hilary Stewart-Jones took the chair on her appointment to the Board. The other members are Andrew Thomas and Alan Jackson, who remains a member of the committee. Details of attendance at the Committee are set out on page 48 and their biographies and experience on pages 42 and 43.

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

The 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 remuneration 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 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 Committee received material assistance and advice from the Chief Executive Officer and from the Company Secretary & Legal Counsel (who is also secretary to the Committee).

The Committee has a planned schedule of at least four meetings throughout the year, with additional meetings held when necessary. During the year, the committee met 5 times and these meetings addressed wide variety of issues, including:

Month	Principal activity
January	· Approving the performance conditions applying to grants of long-term incentives (if any) during the year for the directors and senior managers · Approving the terms of a new contract of employment for the CEO · Approving the last exercise date from 5 years to 10 years in respect of certain historic grants of options under the Share Option Plan
March	· To approve the annual bonus payments to be made to the executive directors
April	· To consider the payment of special bonus to certain senior employees in respect of the sale of the company's interest in William Hill Online
July	· To consider proposals for the appointment of a new non-executive director and the remuneration arrangements for the non-executive directors
December	· To receive a report from the Company Secretary and the Committee's remuneration advisers on new reporting arrangements for remuneration committees. · To consider the design of the Company's remuneration policy and whether the same remained 'fit for purpose' with the Committee's remuneration advisers.

EXTERNAL ADVISERS

New Bridge Street (a trading name of Aon Hewitt Limited) is the Committee's independent adviser. New Bridge Street does not provide any other services to the Company. New Bridge Street was paid €24,498 in relation to advice provided during 2013.

ENGAGEMENT WITH SHAREHOLDERS AND SHAREHOLDER VOTING

The 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 or remuneration arrangements.

The voting outcome at the annual general meeting on 8 May 2013 in respect of the Directors' Remuneration Report for the year ended 31 December 2012 was as follows:

	For	Against	Withheld
To approve the Remuneration Report for the year ended 31 December 2012	211,225,915	28,910,661	11,171,967
Percentage of votes cast on the resolution	87.96%	12.04%	n/a
Percentage of issued share capital at time of meeting	72.25%	9.89%	3.82%

By order of the board

Hilary Stewart-Jones

Chair of the Remuneration Committee

20 February 2014

DIRECTORS' REPORT

The directors are pleased to present to shareholders their report and the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES & 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. The Company changed its name from Playtech Limited to Playtech plc on 8 May 2013 following a special resolution passed at the annual general meeting on that date. Playtech plc is a public listed company, listed on 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 Company can be found in the Strategic Report on pages 4 to 41, which also includes an analysis, using financial key performance indicators, of the development, performance and position of the Company's business. A statement of the key risks and uncertainties facing the business of the Company at the end of the year is found on pages 34 and 35 of this report & accounts and details of the Company's risk management objectives and policies and the use of financial instruments is set out in Note 29 to of the financial statements.

Details of all important post-balance sheet events affecting the Company and its subsidiaries are set out in Note 30 to the financial statements.

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 Corporate Governance report on pages 44 to 53 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 or 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 Company and the Group for the year ended 31 December 2013 are set out on pages 79 to 110. On 20 February 2014, the Board declared a second interim dividend of 34.1 pence sterling per share, equivalent on that date to 41.1€ cents per share as a special dividend and recommended the payment of a final dividend for the year ended 31 December 2013 of 15.4€ cents per share which were both paid to shareholders on the register as at 28 February 2014. 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, Loch Promenade, Douglas, Isle of Man on 21 May 2014. If approved, the final dividend will be paid on 23 May 2014 and together with the interim dividend of 7.8€ cents per share paid on 28 October 2013 and the special dividends of 34.1 pence sterling per share paid on 11 March 2014 makes a total dividend (expressed in euros) of 64.3€ cents per share for the year.

Shareholders who wish to receive their final dividend in a currency other than euros will be required to return currency election forms to the Company's registrars by 2 May 2014. 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

The following statement has been included in accordance with the Listing Rules:

Based on 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. For this reason, the directors continue to adopt the going concern basis in preparing the accounts.

DIRECTORS AND DIRECTORS INTERESTS

The directors of the Company who held office during the 2013 year and to date are:

	Appointed	Resigned
Roger Withers	28.03.2006	09.10.2013
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	

The interests of the Directors who held office during 2013 and to date, in the share capital of the Company are set out below:

	Ordinary shares			
	As at 31.12.13		As at 31.12.12	
	No. shares	Percentage[2]	No. Shares	Percentage[3]
Mor Weizer	**nil**		nil	
Ron Hoffman	**nil**		nil	
Roger Withers[1]	**19,333**	**0.008%**	19,333	0.008%
Alan Jackson	**5,000**	**0.002%**	5,000	0.002%
Andrew Thomas	**7,500**	**0.003%**	7,500	0.003%
Hilary Stewart-Jones	**nil**		n/a	

(1) Roger Withers resigned from the board on 9 October 2013.

(2) Based on 290,236,870 ordinary shares in issue on 31 December 2012.

(3) Based on 293,189,408 ordinary shares in issue on 31 December 2013.

Details of the service agreements of the directors are shown in the remuneration committee report on pages 60 and 61.

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, indemnities are in place under which the Company has agreed to indemnify Alan Jackson and Roger Withers who held office during the year ended 31 December 2013, 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 their duties as a director of the Company or its subsidiaries. Copies of these indemnities are available for review at the Company's registered office.

SIGNIFICANT SHAREHOLDINGS

As of 20 February 2014 the Company had been advised of the following significant shareholders each holding more than 3% of the Company's issued share capital:

Shareholders	%[1]	No. of ordinary shares
Brickington Trading Limited	48.99	143,645,782
Capital Research	6.05	17,751,675
Greenlight Capital	3.76	11,029,476
Standard Life Investments	3.09	9,049,943
Legal and General	3.06	8,984,257

(1) Based on 293,198,111 ordinary shares in issue on 31 January 2014.

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.

DIRECTORS' REPORT CONTINUED

CAPITAL STRUCTURE

As at 31 December 2013 and 31 January 2014, the Company had 293,189,408 and 293,198,111 respectively 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 remains valid until the forthcoming annual general meeting when it is intended that a resolution will be put forward to shareholders to renew the authority to issue shares for cash. The Company did not acquire any of its shares during the year.

ARTICLES OF ASSOCIATION

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

Voting rights

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

Restrictions on voting

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

Transfer

Subject to the articles of association, any member may transfer all or any of his or her certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The Board may, in its absolute discretion, decline to register any instrument of transfer of a certificated share which is not a fully paid share or on which the Company has a lien. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer is: (i) it is 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 per cent. 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 take-over bid, and which are considered individually significant in terms of their impact on the business of the Group as a whole.

RELATED PARTY TRANSACTIONS

Details of all related party transactions are set out in Note 27 to the Financial Statements.

POLITICAL AND CHARITABLE DONATIONS

During the year ended 31 December 2013, the Company made a charitable donation of £100,000 to the Great Foundation and a donation of £70,000 to GamCare, charities that fund research into and treatment of problem gambling, and made further, smaller donations to a variety of charities operating in countries in which the Company's subsidiaries are based.

The Company made no political donations during this period (2012: nil).

EMPLOYEES

Information with respect to the Group's impact on the environment and other matters concerning sustainability can be found on pages 36 to 41. 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. Many 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 publically available via the regulatory information services and the Company's website, www.playtech.com.

GREENHOUSE GAS EMISSIONS

All disclosures concerning the Group's greenhouse gas emissions are contained in the Corporate responsibility report forming part of the Strategic report on pages 36 to 41.

DIRECTORS' REPORT CONTINUED

BRANCHES

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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 and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; 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.

All of the current directors have taken all the steps that they ought to have taken 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. The directors are not aware of any relevant audit information of which the auditors are unaware.

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 Company's performance, business model and strategy.

The financial statements are published on the Group's website. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the continued integrity of the financial statements contained therein.

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULES

Each of the Directors, whose names and functions are listed within the Governance section on page 46 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

ANNUAL GENERAL MEETING

The annual general meeting ("AGM") in 2013 was held in May in Douglas, Isle of Man. All directors were present, and made themselves available to answer questions from shareholders. The AGM 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 again plan to be present. 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 2014 will be held at the Sefton Hotel, Loch Promenade, Douglas, Isle of Man, IM1 2RW on Wednesday 21 May 2014 at 10:00am. 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 relevant audit information and to establish that the Company's 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

Paul Wright

Company Secretary & Legal Counsel

20 February 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAYTECH PLC

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2013 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 issued by the International Accounting Standards Board 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 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Balance Sheets, the Consolidated and Company statements of Changes in Equity, the Consolidated and Company Statements of Cashflows 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 and our audit approach to these risks

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 1 to the consolidated financial statements). We primarily focussed our work in these areas by assessing the directors' judgements against available evidence, including the risk of management override and bias, forming our own judgements and evaluating the disclosures in the financial statements.

The risks of material misstatement that had the greatest effect on our Group audit in the current year are noted below. This is not a complete list of all risks or areas of audit focus identified by our audit. We discussed these areas of focus with the Audit Committee. Their report on those matters that they considered to be significant issues in relation to the financial statements is set out on pages 54 to 56:

- We focussed on the area of revenue recognition. The main risks are the completeness, existence, accuracy and presentation in the Statement of Comprehensive Income of amounts receivable relating to the share of net gambling revenue of customers and other revenue. 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. The Group also makes certain judgements around the timing of revenue recognition and the treatment of contractual arrangements for revenue streams entered into.

  We documented and tested the key IT and manual general and application controls over the completeness and accuracy of the Group's main gambling systems. This included conducting test bets and testing the reconciliation between the main gaming systems and the nominal ledger. We also undertook analytical and other substantive testing, including IT interrogation work over net gaming revenue and other revenue.

  We reviewed key contracts related to revenue share agreements and other relevant documentation to assess whether the revenue recognised had been correctly treated and was in line with the Group's stated accounting policies and whether any other terms within the contract had any material accounting or disclosure impacts. We considered material contracts entered into by the group to confirm revenue was recognised correctly.

  We also assessed whether the revenue recognition policies adopted by the group comply with IFRS as adopted by the EU and industry standards.

  Where revenue was recorded through journal entries we performed testing to establish whether a service had been provided in the financial year to support this recognition.

- We focussed on the assessment of the additions to, and carrying value of goodwill, other intangible assets and the investments in subsidiaries held by the parent company to determine whether there was a risk of material misstatement in the carrying value of these assets and whether an impairment should be recognised.

  Additions to intangible assets primarily comprise those intangible assets recognised on acquisitions and internally generated computer software enhancements. The Group holds material amounts related to these assets which they support that the carrying value is not impaired through compiling discounted cashflow models with assumptions, estimates and judgements that have been reviewed by management. Key assumptions include discount rates, perpetuity rates, operating margins and growth rates and the number of years that projections will be extended for and sensitivity analysis.

  We documented and tested the key controls in respect of the capitalisation of intangible assets, tested a sample of projects undertaken in the year against invoices from external suppliers and internal payroll costs and assumptions, and evaluated the assessment by management as to whether the project spend met all the recognition criteria set out in IAS 38. We considered whether there were any indications of impairment of intangible assets. The audit team utilised our internal valuations team as part of the audit team and together we challenged management's assumptions used in the discounted cash flow models prepared to assess the impairment of goodwill, other intangibles and the carrying value of investments in subsidiaries as described in Note 2 of the Group's financial statements. This included reviewing all the key assumptions against external evidence where available and by reviewing the cash flow projections against board approved budgets and assessing the reasonableness of cash flow projections beyond that period against available evidence to support these including external information and studies. We assessed the past ability of management to forecast with material accuracy. We performed other sensitivity analyses on these models particularly where changes in key assumptions could have an impact on the headroom against a break-even position. We also reviewed the disclosures in the financial statements to conclude that these reasonably highlighted all key assumptions and judgements made and areas where there was less headroom in existence.

- We focussed on legal and regulatory compliance and provisions. 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.

  We discussed with the Group's Compliance and Legal department as to whether there were any known instances of material breaches in regulatory and licence compliance that needed to be disclosed or required provisions to be made in the financial statements. 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. We reviewed how the Group monitors legal and regulatory developments and their assessment of the potential impact on the business and the appropriate internal and external advice taken in respect of these developments. We also discussed matters with the Group's dedicated regulatory and compliance teams that report directly to the Board supported by the legal and management teams. They also undertake in-house compliance assessments and have external audits as required by their gaming licences that we reviewed. The Group makes certain provisions and disclosures required under IFRS for certain outstanding legal and regulatory disputes based on the Directors best estimate 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 it is remote. We corroborated this by reviewing any correspondence from regulators and reviewed the conclusions from any external audits related to the Group's licence compliance requirements. We met with, and reviewed the litigation report provided by the Group's legal counsel and discussed each of the material cases noted in the report to determine the Group' s assessment of the likelihood and magnitude of any liability that may arise. We also reviewed, where required, any available external legal or regulatory advice sought by the group in their assessment. We challenged the assessments made, where needed, and reviewed the calculation of any provisions made in the light of the external advice provided to the Group. We also reviewed all disclosures prepared by the Group for these provisions and contingent liabilities.

- We focussed on tax including deferred tax given that due to the international nature of the group there was a risk that material tax exposures may not be reasonably disclosed or provided for in the financial statements.

  We discussed with the Group how they manage, control and operate Group companies in the countries in which they are registered. We also reviewed how the Group considers tax as part of the overall business planning and how they regularly monitor the rules and practices governing the taxation of e-commerce activity that is evolving in many countries. The Group seek external and internal advice on these matters in formulating the estimated amount of tax to be provided in certain jurisdictions. We discussed with the Group's finance team the provisions calculated by them in respect of each jurisdiction in which the Group is registered or has a significant presence. We critically reviewed the latest externally prepared advice received by management with regard to exposure to taxation in the major territories in which the Group operates, and any correspondence from tax authorities in those territories that may require additional disclosures or provisions. 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 materiality for the financial statements as a whole to be €8.85 million. In determining this, we based our assessment on a level of 5% of Adjusted EBITDA for the year whilst having regard to those items that are charged or credited to arrive at profit for the year outside of Adjusted EBITDA. On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgment is that performance materiality for the financial statements should be 75% of planning materiality. We agreed with the Audit Committee that we would report to the Committee all audit differences individually in excess of €160,000. We also agree 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 the Group auditors review the consolidated results broken down by subsidiary location. As part of our requirements under ISA 600 "Special Considerations - Audit of Group Financial Statements (including the work of component auditors)" we request that component auditors for components that are deemed significant components (defined as those that are greater than 15% of the Group's revenue, total assets or Adjusted EBITDA) perform audits to component materiality set by the group audit team

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAYTECH PLC CONTINUED

under group instructions and reporting. Other locations that do not meet these criteria are asked to perform reviews under ISRE 2410 or reviews with selected audit procedures on certain balances (such as cash or 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 €4 million and €2 million respectively. 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 pages 44 to 53 relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of these matters.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 74, 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 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 Group'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 within 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.

Kieran Storan

For and on behalf of BDO LLP
London
United Kingdom
20 February 2014

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 2013

	Notes	2013 Actual €'000	2013 Adjusted[1] €'000	2012 Actual €'000	2012 Adjusted[1] €'000
Revenues	4	367,206	367,206	317,504	317,504
Distribution costs before depreciation and amortisation		(178,965)	(177,903)	(156,658)	(154,841)
Administrative expenses before depreciation and amortisation		(34,478)	(29,879)	(29,630)	(26,450)
Gain on sale of available-for-sale investment	15	31,088	–	–	–
Operating profit before depreciation and amortisation	6	184,851	159,424	131,216	136,213
Share of profit of associate	13a	16,415	18,086	44,824	50,553
Amortisation of intangibles in associate	13a	1,671	–	5,729	–
Income from associate	13a	18,086	18,086	50,553	50,553
Gain on sale of share in associate	13a	340,819	–	–	–
EBITDA		543,756	177,510	181,769	186,766
Depreciation and amortisation, including amortisation of intangibles in associate		(58,783)	(18,916)	(49,493)	(17,108)
Financing income	7	14,390	14,390	4,096	4,096
Finance cost – movement in deferred and contingent consideration		(2,862)	–	(44,184)	–
Finance cost – other		(2,527)	(1,197)	(3,112)	(3,112)
Total financing cost	7	(5,389)	(1,197)	(47,296)	(3,112)
Share of loss from joint ventures	13b	(2,717)	(2,717)	(46)	(46)
Profit before taxation		491,257	169,070	89,030	170,596
Tax expense	8	(2,498)	(2,498)	(2,101)	(2,101)
Profit for the year		488,759	166,572	86,929	168,495
Other comprehensive income for the year:					
Items that have been classified to profit or loss:					
Reclassify to profit and loss on sale	15	(31,088)	–	–	–
Change in fair value of available for sale equity instruments	15	15,444	15,444	15,227	15,227
Total items that will be classified to profit or loss		(15,644)	(15,644)	15,227	15,227
Total comprehensive income for the year		473,115	150,927	102,156	183,722
Profit for the year attributable to:					
Owners of the parent		488,578	166,391	86,755	168,321
Non–controlling interest		181	181	174	174
		488,759	166,572	86,929	168,495
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	9	167.0	56.9	30.0	58.1
Diluted (cents)	9	165.3	56.3	29.4	57.1
Total comprehensive income attributable to:					
Owners of the parent		472,934	150,746	101,982	183,548
Non-controlling interest		181	181	174	174
		473,115	150,927	102,156	183,722

(1) Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, amortisation of intangibles in associate, professional costs on acquisitions, finance costs on acquisitions, costs of admission to a premium listing on the main market, gain on sale of investment in associate and available for sale investments, change in fair value of available for sale investments in the income statement, one-off provision against irrecoverable cash and additional various non-cash charges. The directors believe that the adjusted profit represents more closely the underlying trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 5.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

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

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

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

Mor Weizer
Chief Executive Officer

Ron Hoffman
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

Acquisition of subsidiary, net of cash acquired

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – GENERAL

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

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

Basis of preparation

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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

Accounting principles

This financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting standards and interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"). In the current year the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, as they have been adopted by the European Union, that are relevant to its operations and effective for accounting periods beginning on 1 January 2013.

Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2013

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

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

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

b) New standards, interpretations and amendments not yet effective

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

- IFRS 10 Consolidated Financial information (effective for annual periods beginning on or after 1 January 2014);
- IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014);
- IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014);
- IAS 27 Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014);
- IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014);
- Disclosures – Offsetting Financial Assets and Liabilities (Amendments to IFRS 7) (effective for annual periods beginning on or after 1 January 2013); and
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective for annual periods beginning on or after 1 January 2014).

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

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

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

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

Foreign currency

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

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

Basis of consolidation

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

Revenue recognition

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

Distribution costs

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

Share-based payments

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

Income taxes and deferred taxation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

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

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

Dividend distribution

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

Property, plant and equipment

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

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

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

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

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

Business combinations

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

Investments in subsidiary undertakings

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

Intangible assets

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

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

	%
Domain names	nil
Internally generated capitalised development costs	33
Technology IP	20-33
Customer lists	7-12.5
Affiliate contracts	5-12.5
Patents and licenses	Over the expected useful lives 10-33

Intangible assets identified under the investment in equity accounted associates are:

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

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

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

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

Goodwill

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

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

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

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

Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated balance sheet at cost. The Group's share of post-acquisition profits and losses is recognised in the consolidated statement of comprehensive income except that losses in excess of the Group's investment in the associate are not recognised unless there is an obligation to make good those losses.

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

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised as goodwill and included in the carrying amount of the associate. The carrying amount of investment in associate is subject to impairment in the same way as goodwill arising on a business combination described above.

Joint ventures

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

Financial assets

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

Loans and receivables

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

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

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

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

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

Available-for-sale financial assets

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

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

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

Share capital

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

Financial liabilities

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

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

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

Fair value measurement hierarchy

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

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

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

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

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

Long term liabilities

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

Provisions

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

Leases

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

Non-controlling interests

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

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The areas requiring the use of estimates and critical judgments that may potentially have a significant impact on the Group's earnings and financial position are impairment of goodwill, the recognition and amortisation of development costs and other intangible assets, and the useful life of property, plant and equipment, the fair value of available-for-sale investments, share based payments, legal proceedings and contingent liabilities, determination of fair values of intangible assets acquired in business combinations, income tax, and determination of fair value of contingent consideration.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Estimates and assumptions

Impairment of goodwill

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. Such estimates are based on management's experience of the business, but actual outcomes may vary. More details including carrying values are included in Note 12.

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

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

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

Fair value of available-for-sale investments

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

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

Share based payments

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

Legal proceedings and contingent liabilities

Management regularly monitors the key risks affecting the Group, including the regulatory environment in which the Group operates. A provision will be made where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial information. More details are included in Note 32.

Determination of fair value of intangible assets acquired

The fair value of the intangible assets acquired is based on the discounted cash flows expected to be derived from the use of the asset. Further information in relation to the determination of fair value of intangible assets acquired is given in Notes 25 and 26.

Income taxes

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

Determination of the fair value of contingent consideration

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

NOTE 4 – SEGMENT INFORMATION

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

Management review the performance of the Group by reference to Group-wide profit measures and the revenues derived from six (2012: five) main product groupings:

- Casino
- Services
- Bingo
- Sport
- Poker
- Videobet

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

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

Revenue by product

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

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

Geographical analysis of revenues by jurisdiction of gaming license

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

	2013 €'000	2012[1] €'000
Gibraltar	**88,924**	78,739
Antigua	**86,271**	91,721
Philippines	**55,638**	48,321
Rest of World	**42,844**	24,619
Alderney	**39,125**	36,991
Curacao	**28,182**	14,822
Italy	**14,479**	11,562
Malta	**11,743**	10,729
Total revenues	**367,206**	317,504

(1) Comparable amounts were adjusted in order to better reflect actual segmentation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Geographical analysis of non-current assets

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

NOTE 5 – ADJUSTED ITEMS

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

	2013 €'000	2012 €'000
Distribution costs before depreciation and amortisation – actual	178,965	156,658
Employee stock option expenses	(1,062)	(1,817)
Distribution costs before depreciation and amortisation – adjusted	177,903	154,841
Administrative expenses before depreciation and amortisation – actual	34,478	29,630
Employee stock option expenses	(264)	(586)
Professional fees on acquisitions	(208)	(496)
Decline in fair value of available for sale investment (Note 15)	(4,127)	–
Admission to premium listing on main market	–	(2,098)
Total adjusted items	(4,599)	(3,180)
Administrative expenses before depreciation and amortisation – adjusted	29,879	26,450
Depreciation – distribution costs	8,243	6,913
Depreciation – administrative costs	1,419	1,205
Amortisation – distribution costs	9,254	8,990
Depreciation and amortisation – adjusted	18,916	17,108
Amortisation of intangibles on acquisitions – distribution costs	38,196	26,656
Amortisation of intangibles in associate	1,671	5,729
Total depreciation and amortisation including amortisation of intangibles in associate	58,783	49,493
EBITDA	543,756	181,723
Decline in fair value of available for sale investments	4,127	–
Employee stock option expenses	1,326	2,403
Professional fees on acquisitions	208	496
Admission to a premium listing on the main market	–	2,098
Gain on sale of investment in associate	(340,819)	–
Gain on sale of available for sale investments	(31,088)	–
Adjusted EBITDA	177,510	186,720
Profit for the year – attributable to owners of the parent	488,578	86,755
Decline in fair value of available for sale investments	4,127	–
Employee stock option expenses	1,326	2,403
Professional fees on acquisitions	208	496
Admission to a premium listing on the main market	–	2,098
Amortisation of intangibles on acquisitions including amortisation on investment in associate	39,867	32,385
Gain on sale of investment in associate	(340,819)	–
Gain on sale of available for sale investment	(31,088)	–
One-off provision against irrecoverable cash	1,330	–
Movement in deferred and contingent consideration	2,862	44,184
Adjusted profit for the year – attributable to owners of the parent	166,391	168,321

NOTE 6 – OPERATING PROFIT

Operating profit is stated after charging:

	2013 €'000	2012 €'000
Directors' compensation		
Short term benefits of directors	1,590	1,821
Share based benefits of directors	25	231
Bonuses to executive directors	1,403	392
	3,018	2,444
Auditor's remuneration		
Audit services		
Parent company and Group audit	290	225
Audit of overseas subsidiaries	238	221
Total audit	527	446
Non-audit services		
Other acquisition and assurance services	129	357
Taxation compliance	11	22
	140	379
Development costs (including capitalised development costs of €19.8 million (2012: €14.8 million))	44,704	34,657

NOTE 7 – FINANCING INCOME AND COSTS

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

NOTE 8 – TAXATION

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 9 – EARNINGS PER SHARE

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

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

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

As at 31 December 2013, out of the entire share options outstanding 10,667 (2012: 4,616,691) have been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. they are out of the money) and therefore it would not be advantageous for the holders to exercise those options. The total number of options in issue is disclosed in Note 10.

NOTE 10 – EMPLOYEE BENEFITS

Total staff costs comprise the following:

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

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

- Playtech 2005 Share Option Plan ("the Plan") and Israeli sub-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; and
- GTS 2010 Company Share Option Plan ("CSOP"): options granted under the plan vest on the first day on which they become exercisable which is three years after grant date.

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

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

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

	2013 Number	2012 Number
Shares vested on 30 November 2008 at an exercise price of $2.5 per share	–	135,734
Shares vested on 30 November 2008 at an exercise price of £1.45 per share	46,366	304,915
Shares vested between 1 December 2006 and 6 February 2009 at an exercise price of $4.50 per share	–	25,000
Shares vested between 1 December 2006 and 6 February 2009 at an exercise price of £2.55 per share	–	410,000
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of $5.75 per share	7,333	11,000
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of £3.16 per share	10,000	60,334
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of $4.35 per share	25,000	25,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of £2.21 per share	22,334	182,668
Shares vested between 16 May 2008 and 16 May 2010 at an exercise price of $7.50 per share	–	20,000
Shares vested between 16 May 2008 and 16 May 2010 at an exercise price of £3.79 per share	20,000	890,000
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of $7.79 per share	7,667	8,501
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.96 per share	16,966	97,768
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.30 per share	–	10,000
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of $7.68 per share	3,000	18,000
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of £3.86 per share	12,667	34,000
Shares vested between 10 October 2008 and 10 October 2011 at an exercise price of £3.51 per share	75,000	92,500
Shares vested between 20 November 2008 and 20 November 2011 at an exercise price of $7.19 per share	–	30,000
Shares vested between 31 December 2008 and 31 December 2011 at an exercise price of £3.1725 per share	–	200,000
Shares vested between 25 April 2009 and 25 April 2012 at an exercise price of £4.35 per share	282,500	522,667
Shares vested between 21 May 2009 and 21 May 2012 at an exercise price of £5.31 per share	–	500,000
Shares vested between 28 November 2009 and 28 November 2012 at an exercise price of £3.20 per share	86,194	1,311,786
Shares vested on 22 May 2012 at an exercise price of £4.155 per share	95,000	740,000
Shares vested on 6 November 2012 at an exercise price of £3.7 per share	40,000	870,000
Shares vest between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	196,500	844,000
Shares vest between 3 June 2012 and 3 June 2013 at an exercise price of £4.84 per share	27,500	220,000
Shares vest between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	107,346	225,780
Shares will vest on 26 August 2013 at an exercise price of £4.16 per share	–	158,642
Shares will vest on 10 March 2014 at an exercise price of £3.5225 per share	1,499,850	1,562,850
Shares will vest on 25 August 2014 at an exercise price of £3.0325 per share	–	100,000
Shares will vest on 16 December 2014 at an exercise price of £2.30 per share	60,000	120,000
Shares will vest on 23 June 2015 at an exercise price of £3.48 per share	380,000	380,000
	3,021,223	10,111,145

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

The following table illustrates the number and weighted average exercise prices of share options for the ESOP:

	2013 Number of options	2012 Number of options	2013 Weighted average exercise price	2012 Weighted average exercise price
Outstanding at the beginning of the year	10,111,145	12,843,596	$4.36, £3.70	$4.58, £3.59
Granted during the year	–	420,000	–	£3.478
Forfeited	(116,922)	(1,538,261)	£3.96	$6.76, £3.74
Exercised	(6,973,000)	(1,614,190)	$4.21, £3.75	$4.44, £2.55
Outstanding at the end of the year	3,021,223	10,111,145	$4.36, £3.70	$4.36, £3.70

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

The weighted average share price at the date of exercise of options was £6.29 (2012: £4.08).

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

Expiry date	Exercise price	2013 Number	2012 Number
Between 25 April 2013 and 31 December 2013	$4.35 and between £3.17 and £5.31	–	357,800
1 December 2015	$2.50 and between £1.45 and £2.32	46,366	440,649
Between 6 February 2016 and 11 December 2016	Between $4.35 and $5.75 and between £1.72 and £3.16	64,667	714,002
Between 15 May 2017 and 31 December 2017	Between $7.19 and $7.79 and between £3.39 and £3.96	135,300	1,200,769
Between 25 April 2018 and 31 December 2018	$4.35 and between £3.17 and £5.31	368,694	2,176,653
Between 22 May 2019 and 6 November 2019	Between £3.70 and £4.16	135,000	1,610,000
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	331,346	1,448,422
Between 10 March 2021 and 16 December 2021	Between £2.30 and £3.52	1,559,850	1,782,850
21 June 2022	£3.48	380,000	380,000
		3,021,223	10,111,145

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

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

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

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

	Computers and gaming machines €'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

NOTE 12 – INTANGIBLE ASSETS

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

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

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to 9 (2012: 8 cash generating units ("CGU")) Management determines which of those 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, management has concluded that the following CGUs are significant:

- services, with a carrying value of €98.1 million (2012: €93.4 million);
- casino product, with a carrying value of €27.1 million (2012: €27.1 million); and
- PokerStrategy, with carrying value of €10.3 million.

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

The results of the review indicated that there was no impairment of goodwill at 31 December 2013. Management has also reviewed the key assumptions and forecasts for the customer lists, brands and affiliates, applying the above same key assumptions. The results of the reviews indicated that there was no impairment of the intangible assets at 31 December 2013.

NOTE 13 – INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES & JOINT VENTURES

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

A. Investment in William Hill Online ("WH Online")

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

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

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

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

B. Investment in International Terminal Leasing

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

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

The Group received a return on initial investments of €1.2 million during the year (2012: €0.9 million).

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

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

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

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

C. Ladbrokes software and services agreement

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

As part of the advisory services agreement, the Group through its marketing division will have significant influence over the financial and operational decision making of the Ladbrokes digital business. Playtech will receive a share of profit based on the EBITDA performance of the Ladbrokes digital business over and above that achieved in the financial year ended 31 December 2012, as adjusted (the "Base EBITDA"). The profit share will be equal to 27.5% of the increase in adjusted EBITDA multiplied by the then EV/EBITDA multiple of the Ladbrokes Group. Interim 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 PLC shares. The Group can elect to receive a greater proportion of the profit share in Ladbrokes PLC shares.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 14 – DEFERRED AND CONTINGENT CONSIDERATION

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

NOTE 15 – AVAILABLE-FOR-SALE INVESTMENTS

	2013 €'000	2012 €'000
Investment in available-for-sale investments at 1 January	35,333	12,376
Additions	44,190	7,730
Disposals	(57,179)	–
Diminution charged to income statement in the year	(19,986)	
Unrealised valuation movement in the year	4,342	15,227
Gains on sale to income statement	31,088	–
Decline in fair value of available-for-sale investment transferred to income statement	(4,127)	–
Investment in available-for-sale investments at 31 December	33,661	35,333

On disposal of available-for-sale investments in the year, a gain of €31.1 million was reclassified to profit and loss.

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

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

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

NOTE 16 – OTHER NON-CURRENT ASSETS

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

NOTE 17 – TRADE RECEIVABLES

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

NOTE 18 – OTHER RECEIVABLES

	2013 €'000	2012 €'000
Prepaid expenses	6,273	6,120
VAT and other taxes	2,930	2,064
Short term deposits	5,847	6,490
Advances to suppliers	297	389
Related parties (Note 27)	454	6,203
Loan to customer	–	530
Loan to affiliate	400	3,390
Loan to supplier	3,934	–
Buyout of reseller agreement	4,313	–
Other receivables	2,027	1,374
	26,475	26,560

NOTE 19 – CASH AND CASH EQUIVALENTS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 20 – SHAREHOLDERS' EQUITY

A. Share Capital

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

	2013 Number of Shares	2012 Number of Shares
Authorised	n/a[1]	n/a[1]
Issued and paid up	293,189,408	290,236,870

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

B. Share options exercised

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

C. Distribution of Dividend

In May 2013, the Group distributed €45,044,837 as a final dividend for 2012.

In October 2013, the Group distributed €22,827,018 as an interim dividend for 2013.

D. Reserves

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

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Available-for-sale reserve	Changes in fair value of available-for-sale investments (note 15)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

NOTE 21 – LOANS AND BORROWINGS

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

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

The Group had undrawn uncommitted borrowing facilities available at 31 December 2013 of €35.0 million (2012: €35.0 million).

NOTE 22 – TRADE PAYABLES

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

NOTE 23 – DEFERRED TAX LIABILITY

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

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

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

NOTE 24 – OTHER PAYABLES

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

NOTE 25 – ACQUISITIONS DURING THE YEAR

A. Acquisition of PokerStrategy

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Adjustments to fair value include the following:

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

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

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

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

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

B. Acquisition of assets from The Nation Traffic Ltd.

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

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

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

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

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

NOTE 26 – ACQUISITIONS IN PRIOR YEAR

A. Acquisition of Geneity Limited

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

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

B. Acquisition of Juego Online EAD

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

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

NOTE 27 – RELATED PARTIES AND SHAREHOLDERS

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

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

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

The following transactions arose with related parties:

	2013 €'000	2012 €'000
Revenue including income from associate		
Sportech PLC	1,188	1,311
Skywind	11,585	120
Netplay TV PLC	4,423	3,366
WH Online	26,095	82,806
Share of (loss)/profit in joint venture		
ITL	(2,506)	155
Sciplay	–	(164)
Operating expenses		
SafeCharge Limited	504	397
Anise	916	538
DLA	56	–
Skywind, net of capiltalised cost	6,547	3,333
Additions to property, plant and equipment		
Anise	–	396
The following are year-end balances:		
Skywind	–	20
Netplay TV PLC	1,083	484
Sportech PLC	–	31
WH Online	–	7,471
Total related party receivables	1,083	8,006
Skywind	1,515	–
Total related party payables	1,515	–
Sportech PLC (Note 15b)	–	17,148
Total investment in related party	–	17,148

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 28 – SUBSIDIARIES

Details of the Group's principal subsidiaries as at 31 December 2013 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
Genuity Services Limited	British Virgin Island	100%	Holder of investment in WH Online
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the ipoker Network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies
Techplay S.A. Software Limited	Israel	100%	Develops online software
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
Gaming Technology Solutions Limited	UK	100%	Holding company of VS Gaming and VS Technology
VS Gaming Limited	UK	100%	Develops software and casino games
VS Technology Limited	UK	100%	Develops EdGE platform
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Virtue Fusion CM Limited	UK	100%	Chat moderation services provider to end users of VF licensees
VB CMS OU	Estonia	100%	Develops software for fixed odds betting terminals and casino machines
Playtech Software (Alderney) Limited	Alderney	100%	To hold the company's Alderney Gaming license
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land based businesses
VF 2011 Limited	Alderney	100%	Holds license in Alderney for online gaming
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group
PT Turnkey EU Services Limited	Cyprus	100%	Turnkey services for EU online gaming operators
PT Entretenimiento Online EAD	Bulgaria	100%	Poker & Bingo network for Spain
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators
PT Operational Services Limited	British Virgin Islands	100%	Operational & hosting services to online gaming operators
Tech Hosting Limited	Alderney	100%	Alderney Hosting services
Paragon International Customer Care Limited	British Virgin Islands & branch office in the Philippines	100%	English Customer support, chat, fraud, finance, dedicated employees services to parent company
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to parent company
TCSP Limited	Serbia	100%	Operational services for Serbia
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Advisory Services Limited	British Virgin Islands	100%	Holds PT processing Advisory Ltd
PT Processing Advisory Limited	British Virgin Islands	100%	Advisory services for processing & cashier to online gaming operators
PT Processing EU Advisory Limited	Cyprus	100%	Advisory services for processing & cashier for EU online gaming operators
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Mobile (Cyprus) Limited	Cyprus	100%	Holds the IP of Mobenga AB
Playtech Holding Sweden AB	Sweden	100%	Holding company of Mobenga AB
Mobenga AB	Sweden	100%	Mobile sportsbook betting platform developer
Ash Gaming Limited	UK	100%	Develops interactive gambling and betting games
Geneity Limited	UK	100%	Develops Sportsbook and Lottery software
Factime Limited	Cyprus	100%	Holding company of Juego
Juego Online EAD	Bulgaria	100%	Gaming operator. Holds a license in Spain
PlayLot Limited	British Virgin Islands	100%	Distributing lottery software
PokerStrategy Limited	Gibraltar	100%	Operates poker community business

NOTE 29 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

A. Interest rate risk

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

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

During the year the group advanced loans to affiliates and customers for a total amount of €2.3 million (2012: €2.3 million). The average interest on the loans is 5%.

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

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

B. Credit risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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

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

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

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

The above balances relate to customers with no default history.

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

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

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

C. Currency risk

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

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

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

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

D. Equity price risk

The Group's balance sheet is exposed to market risk by way of holding some investments in other companies on a short term basis (Note 15). Variations in market value over the life of these investments have or will have an impact on the balance sheet and the income statement.

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

The Group's balance sheet at 31 December 2013 includes available for sale investments with a value of €33.7 million (2012: €35.3 million) which are subject to fluctuations in the underlying share price.

A change of 1% in shares price will have an impact of €0.3 million on the consolidated statement of comprehensive income and the fair value of the available for sale investments will change by the same amount.

E. Capital disclosures

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

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

F. Liquidity risk

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

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

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

	Total €'000	Within 1 year €'000	1-2 years €'000	2-5 years €'000
2013				
Trade payables	**22,546**	**22,546**	**–**	**–**
Other accounts payable	**26,378**	**26,378**	**–**	**–**
Progressive and other operators' jackpots	**48,544**	**33,544**	**15,000**	**–**
Deferred consideration	**28,630**	**28,630**	**–**	**–**
Other non-current liabilities	**245**	**–**	**–**	**245**
2012				
Trade payables	14,522	14,522	–	–
Loans and borrowings	69,220	37,970	31,250	–
Other accounts payable	22,461	22,461	–	–
Progressive and other operators' jackpots	31,607	31,607	–	–
Deferred consideration	98,000	70,000	28,000	–
Contingent consideration	16,950	737	413	15,800
Other non-current liabilities	424	–	–	424

G. Total financial assets and liabilities

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

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

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

NOTE 30 – POST BALANCE SHEET EVENTS

Acquisition of Euro Live Technologies Limited

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

Acquisition of Psi-clone Games Limited

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 31 – CONTINGENT LIABILITIES

The Group is not a gambling operator and does not provide gambling services to players. As part of the Board's ongoing regulatory compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Group.

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

NOTE 32 – OPERATING LEASE COMMITMENT

The Group has a variety of leased properties. The terms of property leases vary from country to country, although they tend to be tenant repairing with rent reviews every 2 to 5 years and many have break clauses.

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

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

COMPANY BALANCE SHEET

As at 31 December 2013

	Notes	2013 €'000	2012 €'000
NON-CURRENT ASSETS			
Property, plant and equipment		**107**	87
Intangible assets		**233**	261
Investments	1	**209,971**	208,642
Available-for-sale investments	2	**30,057**	29,661
Other non-current assets		**447**	241
		240,815	238,892
CURRENT ASSETS			
Trade receivables and other receivables	3	**211,773**	275,994
Cash and cash equivalents	4	**402,114**	32,096
		613,887	308,090
TOTAL ASSETS		**854,702**	546,982
EQUITY			
Additional paid in capital		**323,187**	310,469
Available-for-sale reserve		**1,578**	19,280
Retained earnings		**474,847**	29,539
Equity attributable to equity holders of the parent	5	**799,612**	359,288
NON CURRENT LIABILITIES			
Loans and borrowings	6	**–**	31,250
Deferred consideration	7	**–**	26,735
		–	57,985
CURRENT LIABILITIES			
Loans and borrowings	6	**–**	37,970
Trade payables and other payables	8	**27,179**	22,724
Deferred consideration	7	**27,911**	69,015
		55,090	129,709
TOTAL EQUITY AND LIABILITIES		**854,702**	546,982

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Additional paid in capital €'000	Available for sale reserve €'000	Retained earnings €'000	Total equity attributable to holders of parent €'000
Balance at 1 January 2012	307,853	1,995	52,593	362,441
Changes in equity for the year				
Total comprehensive income for the year	–	17,285	46,233	63,518
Dividend paid	–	–	(70,440)	(70,440)
Issue of share capital (net of issue costs)	(41)	–	–	(41)
Exercise of options	3,023	–	–	3,023
Acquisition of non-controlling interest	–	–	(1,616)	(1,616)
Purchase of treasury shares	(366)	–	366	–
Employee stock option scheme	–	–	2,403	2,403
Balance at 31 December 2012	310,469	19,280	29,539	359,288
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**

COMPANY STATEMENT OF CASH FLOWS

	2013 €'000	2012 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	523,989	46,233
Adjustments to reconcile net income to net cash provided by operating activities (see below)	39,607	46,993
Net cash provided by operating activities	563,596	93,226
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(59)	(71)
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	(70,000)	(118,000)
Net cash used in investing activities	(57,069)	(118,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(67,872)	(70,440)
Purchase of share options	(12,135)	(1,616)
Proceeds from bank borrowings	–	75,000
Repayment of bank borrowings	(69,220)	(33,783)
Exercise of options	12,718	3,023
Net cash used in financing activities	(136,509)	(27,816)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	370,018	(52,661)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	32,096	84,757
CASH AND CASH EQUIVALENTS AT END OF YEAR	402,114	32,096

	2013 €'000	2012 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	39	48
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	2,161	39,764
Employee stock option plan expenses	–	2,324
Other	(3)	(41)
Changes in operating assets and liabilities:		
Increase/(decrease) in trade receivables	64,221	(765)
Increase in other receivables	(206)	(234)
Increase in other payables	4,455	5,869
	39,607	46,993

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – INVESTMENTS

	2013 €'000	2012 €'000
Investment in subsidiary undertaking – cost	**209,971**	208,642

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 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 the 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

NOTE 2 – AVAILABLE FOR SALE INVESTMENTS

Available for sale investments comprise:

	2013 €'000	2012 €'000
Investment in available-for-sale investments at 1 January	**29,661**	12,376
Additions	**26,896**	–
Disposals	**(39,886)**	–
Diminution charged to income statement in the year	**(19,280)**	–
Unrealised valuation movement in the year	**1,578**	17,285
Gains on sale to income statement	**31,088**	–
Investment in available-for-sale investments at 31 December	**30,057**	29,661

	2013 €'000	2012 €'000
Available-for-sale financial assets include the following:		
Quoted: Equity securities – UK	**30,057**	17,148
Unquoted: Equity securities – Asia	**–**	12,513
	30,057	29,661

The fair value of quoted investments is based on published market prices. The fair value of unquoted investments was based on the dividend income approach. In valuing the investment, management applied a discount rate of 28% to future dividend income, with an annual growth rate of 2%. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets classified as available-for-sale.

NOTE 3 – TRADE AND OTHER RECEIVABLES

	2013 €'000	2012 €'000
Other receivables	**345**	284
Amounts due from subsidiary undertakings	**211,428**	275,710
	211,773	275,994

NOTE 4 – CASH AND CASH EQUIVALENTS

	2013 €'000	2012 €'000
Cash at bank	**22,322**	20,977
Deposits	**379,792**	11,119
	402,114	32,096

NOTE 5 – SHAREHOLDERS' EQUITY

	2013 Number of shares	2012 Number of shares
Authorised	**n/a[1]**	n/a[1]
Issued and paid up	**293,189,408**	290,236,870

(1) 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.

A. Share option exercised

During the year 2,952,538 (2012: 1,022,522) share options were exercised.

B. Distribution of Dividend

In May 2013, the Group distributed €45,044,837 as a final dividend for 2012.

In October 2013, the Group distributed €22,827,018 as an interim dividend for 2013.

In May 2012, the Group distributed €47,889,585 as a final dividend for 2011.

In October 2012, the Group distributed €22,550,631 as an interim dividend for 2012.

C. Reserves

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

Reserve	Description and purpose
Additional paid in capital	Share premium (i.e. amount subscribed for share capital in excess of nominal value)
Available-for-sale reserve	Changes in fair value of available-for-sale investments (Note 15, page 100)
Retained earnings	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income

NOTE 6 – LOANS AND BORROWINGS

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

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

The Company had undrawn uncommitted borrowing facilities available at 31 December 2013 of €35.0 million (31 December 2012: €35.0 million).

NOTE 7 – DEFERRED AND CONTINGENT CONSIDERATION

	2013 €'000	2012 €'000
Non-current deferred consideration consists:		
Acquisition of PT Turnkey Services Limited	**–**	26,735
Current deferred consideration consists:		
Acquisition of PT Turnkey Services Limited	**27,911**	69,015

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 8 – TRADE PAYABLES

	2013 €'000	2012 €'000
Suppliers and accrued expenses	3,721	2,418
Payroll and related expenses	7,485	5,970
Amounts owed to Group undertakings	15,973	14,336
	27,179	22,724

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FIVE–YEAR FINANCIAL SUMMARY

	2013 €m	2012 €m	2011 €m	2010 €m	2009 €m
Income Statement					
Total revenues	**367.2**	317.5	207.5	142.3	114.8
Associate income (William Hill Online)	**18.1**	50.6	36.1	30.8	22.5
Gross income	**385.3**	368.1	243.6	173.1	137.3
Adjusted EBITDA	**177.5**	186.7	125.5	103.1	93.7
Adjusted net profit	**166.4**	168.3	112.8	93.2	89.4
Balance sheet					
Non-current assets	**470.8**	589.2	564.9	292.8	252.0
Current assets	**595.2**	195.2	206.1	91.3	75.1
Current liabilities	**117.6**	181.9	110.2	64.3	32.1
Non-current liabilities	**27.4**	88.4	182.1	19.8	25.1
Net assets	**921.0**	514.2	478.7	300.0	269.9
Equity					
Additional Paid-in capital	**323.2**	310.5	307.9	189.7	183.6
Available-for-sale reserve	**1.6**	17.2	2.0	—	1.0
Retained earnings	**596.3**	186.4	168.9	110.3	85.3
Statistics					
Basic adjusted EPS (in euro cents)	**56.9**	58.1	46.2	38.5	37.3
Diluted adjusted EPS (in euro cents)	**56.3**	57.1	45.7	37.1	36.0
Ordinary dividend per share (in euro cents)	**23.2**	23.2	16.5	19.0	18.3
Share price low/high	**422.5p/761.5p**	262.25p/435p	210p/424.75p	380.5p/552p	265.5p/552p

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