

Playtech plc

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

Results for the year ended 31 December 2016

**Executing on strategy:
strong operational and financial performance, strategic M&A and shareholder returns**

Playtech (LSE: PTEC) today announces its results for the year ended 31 December 2016, together with a trading update for the period to 20 February 2017.

Financial summary

	2016	2015	Change (reported)	Change (const. currency) ³
Revenues	€708.6m	€630.1m	+12%	+20%
Adjusted EBITDA ¹	€302.2m	€251.9m	+20%	+32%
Adjusted Net Profit ²	€206.2m	€205.9m	Flat	+42%
Reported Net Profit ³	€193.0m	€135.8m	+42%	+112%
Adjusted diluted EPS ⁴	59.8 €c	61.8 €c	-3%	+37%
Total dividend per share	32.7 €c	28.5 €c	+15%	NA

Group financial highlights

- Total revenues up 12% vs 2015 on a reported basis:
 - 20% revenue growth at constant currency
 - 13% revenue growth excluding acquisitions and at constant currency
 - 48% of group revenues are regulated (2015: 47%)
- Adjusted EBITDA up 20% on a reported basis and 32% at constant currency
- Adjusted group EBITDA margin of 42.7% (2015: 40.0%)
- Adjusted Net Profit and Adjusted diluted EPS at constant currency up 42% and 37% respectively
- Improved cash conversion of 94% (2015: 80%) with DSOs⁵ down 23 days from H1 2016
- Gross cash at period end of €545 million (€469 million adjusted for CFH customer deposits) taking into account:
 - €240 million spent on acquisitions including BGT, CFH, Quickspin and ECM in 2016
 - returning €296 million to shareholders in 2016 including €150m special dividend and €50m via a share buyback
- Full year dividend per share up 15% in accordance with progressive dividend policy adopted in 2016

Operational highlights

Gaming division

- Strong revenue performance with 21% growth at constant currency led by flagship Casino offering
- Strong performance in Sports in H2 2016 following acquisition of BGT
- Regulated Gaming revenues of 42% (2015: 41%)
- Software revenues from mobile of 33% in 2016 (2015: 21%), with 54% of UK revenues from mobile
- "Locking-in" future growth
 - over 10 new customers signed in 2016 including Pokerstars, MaxBet and Mr Green with OPAP after the period end

- significant contracts renewed, including with Paddy Power Betfair, William Hill, Rank and Betfred in 2017
 - nine of top 10 licensees now on long-term contracts
- Launched Playtech BGT Sports presenting significant opportunity across Europe and South America
- Acquisitions integrated and performing in line with expectations
- Pipeline of new licensees and new structured agreements remains strong

Financials division

- Revenue of €65.6 million (2015: €60 million) in 2016 with Adjusted EBITDA of €15.4 million (2015: € 15.9 million)
- 2016 results reflect full impact of the business transition
- Encouraging performance and improved KPIs in H2 2016
- B2B offering strengthened by acquisition of CFH in November 2016
- Ron Hoffman has become full time CEO of the Financials division

Current trading and outlook

- Average daily revenue in the Gaming division for the first 51 days of Q1 2017 was up 26% on Q1 2016 (30% at constant currency) and up 10% on Q4 2016 (9% at constant currency)
- Excluding acquisitions, average daily revenue in the Gaming division for the first 52 days of Q1 2017 was up 9% on Q1 2016 (12% at constant currency) and up 10% on Q4 2016 (up 9% at constant currency)
- The Financials division has performed in line with expectations in 2017 to date
 - Markets.com KPIs continue to be encouraging against a backdrop of low volatility
 - CFH continues to perform well with B2B volumes in line with expectations
- Management remains confident of a strong performance in 2017 driven by both organic growth and the acquisitions made in 2016

Alan Jackson, Chairman of Playtech, commented:

“Playtech has continued to successfully execute its strategy for strong operational and financial performance, strategic M&A and shareholder returns.

“The Gaming division once again delivered very strong growth. Sports saw a good second half performance following the acquisition of BGT with the newly formed Playtech BGT Sports bringing together all aspects of the Playtech’s sports offering creating a fully integrated, best-in-class sports betting technology. 2016 also saw the signing of more than ten new customers with ten new customer go-lives. 9 of out of 10 top customers are now on long-term contracts with Paddy Power Betfair, William Hill, Rank and Betfred all renewing in the past few months.

“Following the transitioning of the Financials division in the first half of the year, the second half performance was encouraging with improved KPIs. The second half also saw the acquisition of CFH, enhancing Playtech’s position as it continues to build a B2B financials offering within its Financials division.

“The year was a strong year for M&A with €240 million spent on acquisitions including BGT, CFH, Quickspin and ECM. In addition to this, reflecting the strength of Playtech’s cashflows and flexibility of its balance sheet, €296 million was returned to shareholder including a €150 million special dividend and €50 million through a share buyback, with no impact on its M&A capabilities. In accordance with the new progressive dividend policy adopted in 2016, the full year 2016 dividend has been increased by 15%.

“Management remains confident of a strong performance in 2017 and beyond.”

– Ends –

¹ Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions, finance costs on acquisitions and additional various non-cash charges. The Directors believe that the adjusted profit measures represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 5

² Attributable to the owners

³ Constant currency numbers exclude the exchange rate impact on the results by using previous period relevant exchange rate and also exclude the total cost/income of exchange rate differences recognised in the period

⁴ Weighted average number of shares used in diluted EPS for the twelve months ended 31 December 2015 were adjusted reflect the impact of the convertible bonds

⁵ Days sales outstanding

Presentation and live webcast

A presentation for analysts and investors will be held today at 9.00 am in the offices of Berenberg, 60 Threadneedle Street, London, EC2R 8HP.

The presentation will be webcast live and on-demand at the following website:

<http://www.investis-live.com/playtech/587cdf638c507710003e003d/tr2t>

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

Dial-in no: +44 (0)20 3059 8125

Conference password: Playtech

There will also be a replay available for one week:

Dial-in no for UK and other locations: +44 (0)121 260 4861

Dial-in no for US: 1 844 2308 058

Conference reference number: 5100245#

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Forward looking statements

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". By their nature, forward-looking statements involve risk and uncertainty since they relate to future events and circumstances. Actual results may, and often do, differ materially from any forward-looking statements.

Any forward-looking statements in this announcement reflect Playtech's view with respect to future events as at the date of this announcement. Save as required by law or by the Listing Rules of the UK Listing Authority, Playtech undertakes no obligation to publicly revise any forward-looking statements in this announcement following any change in its expectations or to reflect events or circumstances after the date of this announcement.

About Playtech

Playtech is a market leader in the gambling and financial trading industries. Founded in 1999 and listed on the Main Market of the London Stock Exchange (LEI code: 21380068TTB6Z9ZEU548), Playtech has more than 5,000 employees in 17 countries.

Playtech is the gambling industry's leading software and services supplier with more than 130 licensees globally, including many of the world's leading regulated online, retail and mobile operators, land-based casino groups, government sponsored entities such as lotteries, and new entrants opening operations in newly-regulated markets. Its business intelligence-driven gambling software offering includes casino, live casino, bingo, poker and sports betting.

It is the pioneer of omni-channel gambling which, through Playtech ONE, offers operators and their customers, a seamless, anytime, anywhere experience across any product, any channel (online, mobile, retail) and any device using a single account and single wallet. It provides marketing expertise, sophisticated CRM solutions and other services for operators seeking a full turnkey solution. Playtech's Financials division operates both on a B2C and B2B basis. Its B2C focused offering is an established and growing online CFDs broker, operating the brand markets.com. Its B2B offering includes the division's proprietary trading platform, CRM and back-office systems, as well as its liquidity technology platform which provides retail brokers with multi-asset execution, prime brokerage services, liquidity and complementary risk management tools.

Chairman's statement

I am pleased to report that during 2016 Playtech continued to successfully execute its strategy with a strong operational and financial performance, delivering important M&A and significant capital returned to shareholders.

The Gaming division continued to deliver, with exceptional growth in the flagship Casino offering driven by the largest portfolio of games boasting some of the most popular content across the industry. Sports saw a good second half performance following the acquisition of BGT, and later in the year with the newly formed Playtech BGT Sports bringing together all aspects of Playtech's sports offering creating the only true omni channel, best-in-class sports betting technology. Playtech will always remain a customer focused business and 2016 saw the signing of more than ten new customers with ten new customer go-lives. The trend of securing longer term agreements with key customers continued with nine out of ten now on long-term contracts following the renewals with Paddy Power Betfair, William Hill, Betfred and Rank all renewing in the first two months of 2017 alone.

The Financials division went through a significant transition in the first half of the year with an encouraging performance delivered in the second half. Towards the end of the year the Group acquired CFH, enhancing Playtech's position as it continues to build a B2B offering within its Financials division.

Playtech spent a total of €240 million on acquisitions during the full year. At the beginning of 2016 Playtech outlined its intention to utilise the capital raised from shareholders to maintain its market leading position by acquiring complimentary technologies and premium content. The acquisitions of BGT, Quickspin and ECM will augment organic growth in the Gaming division in 2017, whilst the acquisition of CFH was a landmark transaction for the Financials division. The acquisition of Eyecon in February 2017 demonstrates Playtech's continued focus on value enhancing M&A.

The strength of Playtech's cashflows and the flexibility of its balance sheet enabled the Company to return €296 million to shareholders in 2016 including a €150m special dividend announced at the time of the half-year results and a €50 million share buyback programme before the year end. Strong cash generation continues to be a key characteristic of the Group and the high levels of shareholder returns had no impact on the Group's acquisition capabilities. In accordance with the new progressive dividend policy adopted in 2016, the 2016 full year dividend has been increased by 15% taking the total full year increase to 15%.

Finally, the Board was delighted to announce the appointment of Andrew Smith as Chief Financial Officer following the period end. Andrew replaced Ron Hoffman who became full time CEO of the Financials division. The move has provided a greater depth of management resource and focus on Playtech's Financials division following the acquisitions of Markets Limited and CFH. In addition, the Board was further strengthened in 2016 by the appointment of Claire Milne as a non-executive independent director in July. Claire joined the Board as a recognised industry expert in eGaming and technology law and regulation, with 20 years' experience advising gaming and financial services clients as both an in-house and private practice lawyer. Claire was the Chair of the Isle of Man Gambling Commission with Playtech already seeing the benefits of her depth of expertise.

Given the progress outlined above and Playtech's proven ability to achieve its strategic objectives and drive operational performance, the Board remains confident of a strong performance in 2017 and beyond.

Chief Executive's review

Overview: executing on our strategy

I am proud to report that 2016 saw Playtech deliver on its operational and strategic objectives.

The double-digit growth reported in the Gaming division at the half year has continued into the second half including the announcement of new licensees, new content and features for customers and important long term renewals. The repositioning of our Financials division also produced an encouraging performance in the second half of the year.

Playtech has continued to successfully execute its strategy of acquiring complementary businesses, including enhancing our omni-channel offering and adding further premium content, with the acquisitions of BGT, Quickspin and ECM. In addition, the acquisition of Eyecon post the period end further strengthens Playtech's position and extending its reach into new areas. The acquisition of CFH in November significantly enhanced Playtech's B2B offering in the Financials division.

Our balance sheet strength and continued substantial cash generation enabled us to execute the two cornerstones of our strategy, firstly to continue the programme of strategic acquisitions to further strengthen our market leading position, and secondly to focus on shareholder returns by returning €150 million through a special dividend and launch a €50 million share buyback programme in 2016. This commitment was underlined by the move to a progressive dividend policy to provide shareholders with more certainty and consistency of dividend payments.

Gaming division

Overview

The Gaming division delivered another strong year achieving 21% reported revenue growth at constant currency, with a good contribution from existing and new customers.

Licensees

I am pleased to report that operationally Playtech had a strong 2016 from an operational perspective, achieving one of our key strategic objectives of “locking-in” future growth for the business.

This year saw the launch of several important customers including Pokerstars, Sun Bingo, Mr Green, Maxbet, Win2day and Victor Chandler with further significant new licensees signed in 2016 including Fortuna and others still to launch. In total, more than 10 new licensees launched in the year with a number of relationships already secured and expected to go-lives in 2017.

The strength of Playtech’s offering and commitment to its licensees is clearly evidence by the length of its relationships with its customers. Many important agreements were renewed in 2016 and the beginning of 2017 with 9 out of Playtech’s top 10 licensees now on long-term contracts, including Paddy Power Betfair, William Hill, Rank and Betfred.

While we have been successful in extending relationships into new verticals and new geographies, due to regulatory changes in Europe, Latin America and elsewhere, we are seeing a fundamental change in the type of licensees we do business with. Given our experience of regulated and newly regulated markets, Playtech is seeing an increase in early stage customers in new or emerging regulatory regimes. Over a short period, as the new regulatory framework is being introduced, these operators become amongst the largest and best performing online operators in the new markets.

As most retail gaming operators lack the operational capabilities required to successfully operate an online gaming arm they seek a strong technology partner. In many cases, they often also lack the digital infrastructure to support their retail arm, and through its unique omni-channel solution, Playtech is the obvious choice to provide better CRM, technology, premium products and a best of breed operational skills, expertise and capabilities. Accordingly, Playtech remains focused on regulated and newly regulated jurisdictions. Our pipeline of new licensees and structured agreements remains strong, driven by newly-regulated and soon-to-be-regulated markets. We have relationships with the leading retail gaming operators in every commercially viable jurisdiction and expect the regulatory shift identified several years ago, to continue being the Company’s largest growth opportunity.

Customer Concentration

As outlined at the half year results, in future we will be presenting customer concentration on a new basis to more accurately reflect the reality of how we operate.

Historically we have presented our largest licensee as a single customer. However, this licensee is a licensed distributor for many smaller licensees who sit beneath the distributor. The aggregator model is common in Asia and used by different B2B and services providers. Playtech has always used licensed distributors and local companies to establish itself across the region given the importance of understanding the culture and the importance of having the right partner – not just any partner.

This model serves us well as it provides us with access to local gaming specialists who truly understand the culture, the key people and the most relevant potential operators. They ensure that all operators go through a strict due diligence processes and that they maintain all relevant permits and licenses as well as serve them locally by using local personnel who share the same languages and culture.

Following the reclassification at the half year the revenue from our top five licensees stood at 36% compared to 42% at the 2015 year end. The trend of diversification in our customer base continued from the previous year at all levels, with the top 15 licensees accounting for 66% of revenues, down from 73% at the 2015 year end.

Regulated Markets

Our focus remains on regulated markets which represent the future of our ever-evolving industry. During the period we continued to strengthen our position and extend our reach in regulated markets by supporting the organic growth of our customers in the UK, Italy, Spain, Denmark and Finland.

Additionally, we established our presence in newly-regulated markets such as Mexico, Bulgaria and Romania working with existing and new retail gaming companies.

Regulated revenues in the Gaming division grew both in absolute terms and as a percentage of total revenues despite strong growth in soon and yet to be regulated markets and a weaker Sterling. Looking forward to 2017, we will see the percentage of revenues from regulated markets further improve. This will be predominately driven by the continued growth of our licenses in regulated markets, as operators reallocate their marketing budgets and focus on regulated and soon to be regulated markets, and also within Playtech we will see the full year impact from Sun Bingo, BGT, ECM and Eyecon.

The strong momentum that we experienced in recent years is expected to continue as Playtech benefits from the growth of its customers and signs new licensees in regulated markets. In addition, a significant number of countries are well advanced in their legislation processes across Europe, Latin America and elsewhere while other important markets are considering regulating in the coming future.

Playtech ONE: omni-channel offering

Playtech ONE is the industry's only true integrated omni-channel offering. Playtech ONE allows operators to develop a seamless inclusive approach to channels, products and platforms. A true, commercial omni-channel offering is not just an integrated solution connecting products or games delivered to customers or the same games offered across different channels. Instead, omni-channel is a comprehensive solution that shares the same infrastructure and CRM (through Playtech's IMS) across retail, web and mobile environments, allowing a seamless journey between the different channels, products and platforms as well as cross platform functionality improving the offering to players and creating an eco-system that incentivises the players to remain loyal to the operators. The one CRM and infrastructure provides operators with a single view across all customer activity and allows them to tailor promotions and bonuses across channels and verticals. It also provides operators with the ability to deliver a fully personalised offering and successfully target players through cross-product marketing.

Our proven track record of working with operators in regulated markets demonstrates that there is an overlap in the demographics of retail and online, that traditional retail customers playing online are more valuable; and that the acquisition costs associated with such players are far lower when compared to direct acquisition channels. A number of operators have been pre-occupied in recent years with the digitalisation of retail, concentrating on taking retail online, in reality retail and online form part of one experience and channel for customers. Accordingly, we believe that an omni-channel solution will inevitably be implemented by most retail businesses that have or intend to launch an online gaming arm.

We truly believe that the convergence between retail and online is inevitable due to the combination of two factors - the fact that a large number of retail gaming businesses still operate legacy systems that do not fit players demand and more than ever understand the importance of digitising their retail infrastructure. In addition, the significant opportunity in the online space capitalising the investments made into the brand that usually comes with better cash conversion due to lower capex and opex investments and better margins.

Mobile

Across all verticals mobile continues to be a key driver of increased player activity with revenues from mobile accounting for 33% of overall software revenues, an increase of 50% on the same period last year.

Importantly Playtech saw an 80% increase in Gaming mobile penetration during the year. With increases across all verticals except for Sports, with the Sports figure affected by the previously disclosed loss of certain Mobenga contracts and the inclusion of BGT in the second half. Unsurprisingly given the maturity of the UK gaming market and the quality of its mobile networks, there still exists a material difference between the UK and the rest of the world, with mobile accounting for 54% of UK software revenues, but only 24% for the rest of the world. This highlights

not only how developed the UK market is, but also the significant opportunity in other parts of the world.

Mobile remains an important element of omni-channel and is an integral part of every development cycle for our products alongside retail and web. Accordingly, we have reorganised internally to ensure we streamline the development lifecycle to include a sophisticated mobile solution that includes native apps and not just HTML5 or an HTML5 based solution as most other companies do.

Product

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

Live Casino

Playtech remains focused on live casino given the strong growth we have seen across all our licensees. We believe positive momentum will continue in 2017 and beyond and have continued to develop our live casino offering. Throughout the year new launches and releases have included innovative concepts, games and features, as well as never-before-seen real native apps that prove to be very successful and appealing to customers. We have also continued to develop our relationships with customers and worked closely to ensure success and accelerated growth in their live casino operations.

In early 2017 Playtech revealed its latest ground-breaking Augmented Reality experience within a spectacular Age of the Gods™ Live environment.

The augmented reality roulette – themed around Playtech's smash-hit suite of Age of the Gods™ games and due to be launched later this year – uses the latest augmented reality technology to significantly heighten the live experience with 3D graphics that can be configured to suit any operator requirements, players experience a range of visuals depending on the outcome of each game round.

The game concept is aimed at not only creating a next generation gaming experience, but also giving Playtech licensees greater flexibility and further opportunities to cross-sell to a new demographic of player who would either have not previously considered or who could potentially re-connect to live casino.

In addition, we also opened two new Live studios in the past few months in Latvia and Romania due to the high levels of customer demand.

Built on top of the city's fortified 16th century walls in the heart of Riga Old Town in Latvia, the 8,500 square meter capacity studio dwarfs any existing live casino area in the market today. The technology within the building is equally unmatched with hundreds of state-of-the-art cameras, catering for hundreds more custom-made tables and gaming areas, an advanced control and monitoring center and large-scale dealer campus that will be used to train and develop all of Playtech Live's staff. Every inch of the new operation has been conceptualised, designed and delivered with a future-first approach with all Playtech Live common and Live dedicated licensee areas remodelled to accommodate the latest software and hardware presenting players with the ultimate, never-before-seen gaming experience.

The second studio, a state-of-the-art live casino studio facility in Bucharest, Romania will cater for demand in licensees in the newly regulated Eastern European country.

New content

We launched over 55 new games in the year, including the innovative and exciting Age of the Gods™ suite, a great addition to our own industry leading game intellectual property. This has been a highly successful launch and has been very popular with licensees and is based on an extensive data analysis ahead of the games development to ensure its appeal to customers.

Playtech's scale also allows it to launch branded content. After the period end, in February 2017 Playtech signed its largest ever, multi-year, exclusive branded games content deal with Warner Bros Consumer Products, on behalf of DC Entertainment, to license and develop an extensive catalogue of iconic DC-branded film and television properties into leading Omni-channel casino games, with the deal being announced at the start of ICE 2017. Drawing from the worlds of such Warner Bros. Pictures titles as Batman v Superman: Dawn of Justice, The Dark Knight Trilogy, Suicide Squad and the Studio's upcoming action adventure Justice League, Playtech, the world's leading gaming content and software, systems and services supplier, will develop a series of Omni-channel DC-branded slot, bingo and roulette games, available across multiple channels and devices.

As a result of extensive development during 2016 Playtech launched post period end an industry first new slot game, Tiki Paradise, that rewards customers with unique enhanced experiences, features and bonuses through the use of Omni-channel play.

Launched across all channels and devices with Coral throughout its 1,800 shop estate, Tiki Paradise is a true omni-channel game that rewards players as they unlock enhanced features and functionality by playing in-shop, online and on mobile, made possible due to Playtech's cutting-edge platform technology and unified system that enables cross-channel play.

Given the first feedbacks and performance we are confident that omni channel content will play a key role in the success of our omni channel approach and will become a necessary and important element of the offering provided by retail and online operators delivering a single coherent user experience across retail, online and mobile. The game is equally beneficial to the licensees as it both increases Omni-channel signs ups and incentivises the players to remain loyal to the brand within the eco system created between retail and online in the most efficient and responsible way. The launch of Tiki Paradise is the first of a series of new omni channel games expected to launch in the coming months.

Gaming division performance by vertical

Casino

Casino, Playtech's flagship offering, continues to go from strength to strength, with revenue increasing 23% on a constant currency basis in 2016. Casino contributed €354.6m to reported revenues in 2016, with mobile revenues seeing a 113% increase in mobile penetration.

This exceptional performance was driven by a mixture of existing and new business, including growth from UK customers such as Ladbrokes, Sky and BGO, with a particularly strong performance from both Live and Asia, where we have added new customers as well as improved our commercial terms.

The casino offering is at times mistakenly regarded as casino games offered on operators' sites under the casino tab while the Playtech casino platform is a lot more. Integrated with the Playtech infrastructure and information management system the Playtech casino platform provides online casino operators with the most advanced and sophisticated feature-rich solution that allows operators to better control their offering.

Playtech's cutting edge casino platform enables operators to maximise player value by offering a full suite of real-time player incentives and engagement tools. The platform allows for industry standard bonusing, such as deposit match bonuses, together with more sophisticated mechanics, including automated cashback, free-spins, golden chip (for table and card games) and game play bonuses. All these promotional methods can be controlled and configured by the operator, allowing for stringent liability and monetary control. To illustrate the platform's sophistication, gameplay bonuses allow the operator to incentivise players based on the outcome of a specific hand of black jack or spin of a roulette wheel. All promotional types can be triggered by a player event, but Playtech has also developed the ability to automate some of the player journeys by developing business intelligence (BI) algorithms to trigger the qualification of such incentives. Furthermore, players can be targeted with personalised login/logout messages and communications, segmented cross-promotion messages in-game and, "game adviser," possibly one of the system's most effective tools. Game advisor is a real-time BI driven recommendation engine that suggests other games the player might be interested in, dependent on many game-specific variables, including volatility, win hit frequency and win distribution.

During the period, we invested heavily into the entire casino platform and focused on its key strength as the largest distributor of games. With its unrivalled knowledge and experience of omni-channel game content, Playtech has built a ground-breaking new games platform that will change the way slot games are built, tested, certified, delivered and distributed. Our revolutionary platform uses a modelling approach instead of a coding approach, resulting in faster development and more cost-effective casino content delivery than ever before. This unified approach to rapid omni-channel game deployment enables operators seeking differentiation and customisation to integrate bespoke games in record time and under budget.

The new games platform technology is now being rolled out across a number of Playtech's content creation units and, looking ahead, it positions Playtech as not only the world's leading software and platform provider, but also a true pioneer and world leader in games content creation.

Services

Services grew 4% in the full year on a constant currency basis, in line with the growth reported at the half year, reflecting the continued transition from .com to regulated revenue streams strengthened through the white label offering, resulting in a higher proportion of regulated revenues for this vertical.

The significant efficiencies achieved at the beginning of 2016, changing the operational structure to localised operations in jurisdictions where we service our customers, will result in approximately €9 million of savings on an annualised basis, although investment in the business means that this will not simply drop through to the bottom line given the local investment required.

We are also making significant progress in certain markets such as Mexico and Spain, where we have established a broader relationship as part of structured agreements with local companies. This is an example of the opportunity in an increasing number of regulated jurisdictions and soon to be regulated markets, where well recognised retail brands intend to launch an online gaming arm, seek a strategic partner that can equip them with not only best of breed technology and products but a sophisticated tool box of online operational capabilities they usually lack. The success Playtech enjoyed in previous years and the successful launch of new partners in key markets we believe that the Services division will continue to see strong growth in the coming years and will play a key role in our future success.

Bingo

In line with the trend identified at the interim results, despite high levels of activity at the operator level, Bingo saw a small decline in revenue at constant currency for the full year. This was a result of continuing trend for increased bonusing from operators. As outlined previously this approach is part of an industry wide strategy to utilise bingo as an acquisition channel, cross-selling strategy driving further revenues into other verticals, predominantly casino. We believe this approach will strengthen Playtech's position in the long term as our Playtech One omni-channel offering will allow operators to successfully cross-sell across all products and all verticals.

Late in the year, the company successfully migrated The Sun Bingo to the Playtech platform as part of an initial five year relationship. While the technical migration was successful, the low quality of the data provided during the migration meant it required additional analysis to ensure that the information is correctly segmented into different types of VIPs to better utilise the customer base. The Sun bingo brand remains amongst the best and strongest brands in the industry and continues to attract high levels of new players, and Playtech remains committed to ensure the success of The Sun bingo through the delivery of better products, data analysis and services.

The end of 2016 and the start of 2017 also saw two significant acquisitions which have enhanced our Bingo and omni-channel offering.

ECM is highly regarded within the bingo industry and its extensive range of products is instrumental to the daily operation of retail bingo in the UK and the Republic of Ireland. Its systems provide key facilities for Main Stage Bingo, Cash Bingo, wide area linked gaming operations and front-of-house

reporting. A complete customer support facility provides technical and repair services for all current and legacy products.

Eyecon, announced post the period end, is a further example of driving revenue across verticals. The acquisition strengthens Playtech's Bingo distribution network whilst offering industry leading slots content such as the Fluffy Favorites game and others which will all be available to Playtech bingo licensees.

Sports

Growth in Sports slowed in the second half of 2016 following the loss of the Mobenga contracts which came into effect at the end of H1. Ultimately performance for the full year increased 2% at constant currency, with the inclusion of BGT for much of H2 offsetting the loss of the contracts.

We believe that our approach to Sports is unique in the industry. Playtech is focusing on delivering an omni-channel sports solution to licensees. As we are seeing across all retail industries the convergence of e-commerce and physical retail is a two-way process. Playtech's omni-channel offering can offer a fully integrated retail, online and mobile solution allowing licensees to offer a seamless customer journey through online and in store integration. As outlined above this allows retail operators to launch an online gaming arm in newly regulated markets, partnering with Playtech to utilise their retail base and footprint and become the largest and best performing online bookmakers in a relatively short period of time.

Accordingly, following the acquisition of BGT in July 2016, in November we launched the new Playtech BGT Sports division (PBS). The new division brings together Playtech Sports companies BGT, Geneity, Mobenga, Unilogic and Playtech's internal Sports Trading team and contains more than 600 employees. Playtech BGT Sports will provide a 'bricks-to-clicks' fully integrated sports betting technology solution based on Playtech's unique Omni-Channel platform. With Dr Armin Sagader appointed as CEO of the new division we believe that PBS will continue to revolutionise retail and online businesses alike.

Post the period end, PBS announced that it has signed a three-year agreement with OPAP, the leading Greek betting and lottery operator, for the supply of self-service betting terminals ("SSBTs"), relevant software and services, as well as the subsequent introduction of an Over-the-Counter (OTC) sports betting solution. Under the agreement, PBS will supply software and services for a combination of full-sized SSBTs, as well as the recently launched compact SSBTs, with the initial roll-out of machines commencing in 2017 followed by the rollout of an OTC solution in 2018. PBS will provide a fully-managed service to OPAP including trading and over 25,000 in-play markets.

Virtual Sports

Working with Warner Bros. Studios the virtual sports product began life in the summer of 2015 using the most advanced systems and technology available today. Following almost a year-long process of exhaustive and record-breaking motion capture initiatives at Warner Bros Studios and 3D design and modelling work at the Playtech Studios, both in the UK, Playtech Virtual products using professional sportsmen and women in competition conditions and techniques and technology used in films such as Avatar, Godzilla and James Bond's Quantum of Solace, in order to capture hundreds of hours of movement and footage, the result of which is as close to the real game as anyone has ever achieved with compelling graphics, gameplay and extensive betting opportunities. All Playtech's virtual sports products are future proof and developed with tournament, matches and leagues in mind. Playtech also concentrated heavily on back-end simulation, ensuring real-life football, tennis and basketball was replicated from a gameplay, user experience and an odds and betting perspective.

The first half of 2016 saw the launch of a pioneering Virtual product in 2016, including best ever Virtual Tennis and a Virtual Sports Football accumulator or Acca across all platforms, channels and devices. Replicating a real-life football Acca, the Virtual Sports Football Accumulator 'out of the box' product has been rolled out across 100 UK Coral shops with the potential to deploy it across 1,000 outlets in the next 12 months.

Land based

Land-based increased markedly in 2016, primarily reflecting the revenues from BGT which were included from July 2016 onwards and the organic growth of what was referred to as land based vertical. As discussed at the interim results in August 2016, it is worth noting that from 2017 onwards, the Land-based vertical will be removed with revenues from this vertical allocated into Casino, Sports, Bingo and Other as appropriate. Removing Land-based reflects the true omni-channel nature of our offering. Revenues from BGT will be included in the Sport vertical going forward. A detailed breakdown of the reallocation is included below.

Poker

The online Poker market remains challenging with revenues down 17% for the fully year at constant currency. Playtech remains dedicated to the poker product, and we believe poker remains an important part of the full product offering of operators. However, it remains a low margin vertical and accordingly operators focus on investing in cross selling into casino. Notwithstanding, in some markets such as France where only sports betting and poker are allowed, poker remains a very valid product vertical. Playtech also gains from the natural conversion of certain players to the poker product. We also believe that Poker will continue to attract recreational players to the product and is utilising its cross-product expertise to develop new poker experiences such as an Age of the Gods themed poker experience.

Financials Division

The year was a transformational one for Playtech's Financials division, which today finds itself at an inflection point following the re-positioning of the business and the structural changes in the industry. This necessitated Ron Hoffman to take full-time control of the business as its chief executive. Under Ron's leadership we anticipate the Financials division will capitalise on its position and realise the significant opportunities before it.

There has been continuous development in the regulatory landscape across different jurisdictions in the industry, including the UK and Europe. Tighter on-boarding controls have been imposed on brokers; there are now greater restrictions on marketing and promotions; companies are required to provide enhanced AML procedures; and, more recently, new leverage limitations were introduced.

In the face of this more demanding regulatory framework, the 2016 results reflect the full-impact of the business transition completed in the first half of the year. Our experience of new regulatory frameworks learned in the Gaming division prompted improvements to our business model, including the cessation of relationships with Introducing Brokers and the decision to move from a salesperson-based approach to automated funnels for customer acquisition.

The second half of the year saw a significant improvement in the performance of the Financials division with a small improvement in revenues, encouraging KPIs and the benefits of cost reductions flowing through.

In the B2C Markets.com business, we have grown active customers by 7%. This reflects an improvement in the attrition rate and an increase in the attractiveness of Markets's platform, following its continued development and addition of further features, such as live trader's trends, more relevant notifications and personalised customer communications relevant to their trading history.

The performance improvement of Markets.com is even more visible in the number of First Time Depositors, which increased by almost 60% compared to the first half of the year. This reflects a significant growth trajectory, which we anticipate will translate into an increased number of active customers, increased revenues and EBITDA. These will be driven by efficient marketing initiatives through our unique media buying technology and automated customer acquisition funnels.

In November 2016, Playtech announced the acquisition of CFH, a technology company with products including a leading Straight Through Processing ("STP") brokerage which provides retail brokers with multi-asset execution, prime brokerage services, liquidity and complementary risk management tools. The acquisition significantly enhances Playtech's position as it continues to build a B2B offering within its Financials division. CFH's wholly owned subsidiary, CFH Clearing Limited is regulated by the

Financial Conduct Authority (FCA) and Playtech received regulatory approval from the FCA as part of the acquisition process.

CFH is uniquely positioned in the market with \$1.5 billion in direct interbank credit lines with tier 1 banks, liquidity providers and prime brokers, including Barclays, Goldman Sachs, UBS, Jefferies and more.

We see significant opportunities following the acquisition, including enabling CFH customers to enjoy a deeper pool of liquidity and an expanded variety of tradable instruments. In addition, we see significant cross-selling opportunities to offer our unique trading platform, CRM and back office systems to a selective range of customers which will fit the relevant profile, increasing our market reach and cater for further stickiness with our customers.

The acquisition completed on 30 November 2016 meaning that €1.8 million of new revenue has been contributed to our consolidated accounts for 2016; and in 2017 CFH's contribution has met expectations, with a healthy pipeline of further customers to be on-boarded.

In summary, 2016 has seen our Financials division establish the foundations needed to capture future growth. We now have an efficient, compliant and competitive business model offering an industry leading B2B and B2C solution. This young industry is experiencing the development of appropriate regulation which will only improve the customer experience and our model is well placed to gain market share as the regulatory framework continues to evolve. As the industry continues to mature and non-compliant companies exit the sector the Financials division's unique B2C and B2B model of will create opportunities to play a potential role in industry consolidation.

M&A

We have been pleased with Group's M&A activity in 2016, having spent €240 million on acquisitions. After the period end, we spent a further initial consideration of £25 million (€29 million) on Eyecon.

Quickspin

In May Playtech announced the acquisition of Quickspin, a fast-growing Swedish games studio that develops and supplies high-quality video slots to operators, both in online real money gambling as well as in the social gaming market.

Headquartered in Stockholm, Quickspin's portfolio currently consists of over 20 games which the company provides to over 40 customers, including many international tier one operators. Quickspin generated revenue and Adjusted EBITDA of €6.0 million and €2.1 million respectively in the financial year ending 31 December 2015 and is forecast to grow significantly over the coming years, with a number of new customers recently secured and with a strong pipeline of both new customers and new games.

The acquisition provides Playtech with a proven virtual slot machine games portfolio, strengthening its position as the leading content provider in the industry, as well as providing greater penetration in the Nordic region. In addition to Quickspin's existing customer base, Playtech plans to cascade Quickspin's content through its existing distribution channels across all verticals.

Playtech will pay a maximum consideration of €50 million based on 2017 and 2018 EBITDA levels. The maximum consideration of €50 million comprises an initial payment of €24 million for 100% of the shares of Quickspin on a cash-free / debt-free basis with the remaining maximum consideration of €26 million payable on an earn-out basis by reference to Quickspin's EBITDA in 2017 and 2018.

The founders of the business, Daniel Lindberg (CEO), Joachim Timmermans (CPO) and Mats Westerlund (CCO), who are all industry veterans and highly regarded in the online gambling market, will remain with the business for at least three years from completion.

BGT

In July 2016, Playtech announced the strategic acquisition of Best Gaming Technology GmbH (“BGT”) for €138 million (for 90% of the issued share capital). The consideration was paid from Playtech's existing cash resources.

Headquartered in Vienna, BGT was founded in 2005 and is the leading provider of sports betting software and solutions for gaming and sports betting operators. Its customer base includes some of the most well established bookmakers in the UK and Spain, such as Betfred, Codere, Coral, Ladbrokes, Paddy Power Betfair and William Hill.

BGT's main product is its proprietary software for self-service betting terminals (“SSBTs”). Its offering combines class-leading technology with a digital terminal that transforms the traditional over-the-counter experience, at times generating more than double the volumes of other SSBT providers. Other products include ePOS and till systems for betting operators and an omni-channel web / mobile betting platform. In addition to supplying many of the most profitable bookmakers in the UK, the acquisition will enable Playtech to achieve greater penetration into the Spanish and Italian markets, with several significant potential new customers in the pipeline.

SSBTs and ePOS systems that digitise retail betting businesses form one of the fastest growing areas for betting companies and one of the most important elements of a true omni-channel offering given the priority and focus provided by the majority of retail operators many of which are bookmakers with sports being their core business. BGT's product portfolio will enhance the Playtech ONE omni-channel offering, which enables players to enjoy a seamless, anywhere-anytime gaming experience across any product, channel and device, all using a single account and wallet.

BGT's business model is based on a revenue share of the gross win margin from each SSBT. At the end of FY2016, BGT provided approximately 27,000 SSBTs with its betting software to licensed operators with this number forecast to increase significantly over the coming years, driven primarily by the roll-out of new SSBTs, compact terminals and tablets as bet entry devices as well as by increased usage of existing SSBTs.

Playtech acquired 90% of the issued share capital of BGT with the remaining 10% retained by Dr. Armin Sageder, BGT's founder and CEO, who will remain with BGT for at least three years from completion. Playtech has a call option to purchase the remaining 10% of BGT at a valuation of 6x BGT's 2019 EBITDA, subject to maximum consideration of €55 million for the 10% holding, with Dr. Sageder having certain put options over his 10% holding at the same valuation. Dr. Sageder may also be entitled to an additional payment of €5 million subject to the achievement of certain operational milestones.

In FY2015, BGT generated revenues of €41.6 million, with all of these revenues coming from regulated markets; and over three quarters of revenues coming from the SSBT software segment. BGT generated Adjusted EBITDA of €12.9 million in FY2015 and €12.5 million of Adjusted EBITDA in the first six months of 2016. In 2015, BGT generated profit before tax of €6.0 million and had gross assets of €35.9 million as at the year end.

Playtech acquired BGT on a forecast 2016 EBITDA multiple of less than 7x, a highly attractive multiple for an asset of this quality, which has a track record of significant growth and which is expected to continue to achieve significant growth going forwards in both revenues and profit, including margin expansion. The acquisition is expected to generate high single-digit earnings accretion for Playtech in the first full year of ownership.

The acquisition of BGT was central to the foundation of Playtech BGT Sports in November this year which combined BGT, Geneity, Mobenga, Unilogic and Playtech's internal Sports Trading team.

ECM

In October 2016 Playtech acquired bingo software and hardware solutions provider ECM Systems (ECM). ECM supplies software and support services to the UK retail bingo market, including major operators Gala Leisure, Mecca Bingo and the leading independent bingo operators.

ECM is highly regarded within the bingo industry and its extensive range of products is instrumental to the daily operation of retail bingo in the UK and the Republic of Ireland. Its systems provide key facilities for Main Stage Bingo, Cash Bingo, wide area linked gaming operations and front-of-house reporting. A complete customer support facility provides technical and repair services for all current and legacy products.

Given the inevitable change across the gaming industry bingo operators had to revamp and digitize their retail offering. Accordingly, the last few years have seen ECM invest in expanding its digital strategy. As a result, ECM is the leading provider and licensor of digital bingo software for a wide range of handheld tablets known as Electronic Bingo Terminals (EBT), and this generates a significant proportion of its revenues. The digitisations of the bingo halls together which is based on the ECM infrastructure and technology will serve Playtech well and will allow it to integrate ECM into Playtech world's largest bingo network and offer a true omni channel that will not only provide better tools to the bingo hall operators as they use one single set of integrated infrastructure but will also provide a seamless journey and better experience across the different channels.

The acquisition of ECM positions Playtech at the forefront of the retail bingo market in the UK. It also empowers Playtech to provide omni-channel solutions to the bingo operators by connecting their retail and online operations as well as providing a platform to supply Playtech content.

For FY 2016, ECM reported revenues of £9.1 million and adjusted EBITDA of £4.5 million. Playtech has paid approximately £14.9 million for 90% of the issued share capital of ECM. The remaining 10%, which is subject to put and call options capped at £1.1 million, is held by Allen Richardson who will remain as CEO of the business for the next 3 years.

CFH

November this year saw the Playtech Financials division announce the acquisition of Consolidated Financial Holdings A/S (CFH) for an initial consideration of €39.8m for 70% of CFH's diluted share capital. The remaining 30% will be subject to put and call options between Playtech and CFH's management team, who are remaining with the business, and which can be exercised in 2019. CFH is a technology company with products including a leading Straight Through Processing ("STP") brokerage which provides retail brokers with multi-asset execution, prime brokerage services, liquidity and complementary risk management tools. CFH's wholly owned subsidiary, CFH Clearing Limited ("CFH Clearing") was regulated by the Financial Conduct Authority and as a result of the acquisition Playtech received FCA regulatory approval.

Through its proprietary ClearVision technology, CFH's services to customers include providing liquidity control and customisation capabilities; real time risk management tools; and cloud-based back office.

CFH Clearing is one of the top STP venues in the world with award-winning liquidity services and \$1.5bn in direct interbank credit lines with tier 1 banks, liquidity providers and prime brokers including Barclays, Goldman Sachs, UBS, Jefferies and BNP Paribas. Through its relationships with liquidity providers and prime brokers, CFH is currently able to offer liquidity on approximately 110 instruments.

CFH's revenue and adjusted EBITDA generated for the year ended 31 December 2015 was \$19.2m (€17.6m) and \$5.7m (€5.2m) respectively.

As a result of the acquisition CFH will have access to the Playtech's Financials division's wide range of CFD instruments which CFH will be able to offer on its clearing system over time. Playtech will also allow CFH to offer a deeper pool of liquidity through the addition of intra group liquidity arrangements, enabling more competitive prices and faster execution. Moreover, CFH will benefit from Playtech's leading technological superiority to further develop its offering and improve client experience.

The acquisition of CFH is a major step forward in the development of our financial division B2B offering given the hundreds of brokers CFH has a relationship with, an advanced sophisticated offering and technology, coverage of an enlarged number of instruments as well as the ability to provide an attractive liquidity pool.

Eyecon

Following the period end in February 2017, Playtech announced the acquisition of the entire issued share capital of Eyecon Limited and Eyecon Pty. Ltd (together “Eyecon”), a specialist supplier of online gaming soft slots and a bingo slots specialist software to a number of bingo networks and other International operators for a maximum total consideration of £50 million.

Eyecon was founded in Brisbane, Australia in 1997 and is a specialist software supplier with a particular focus on bingo audiences with an established games portfolio of over 70 games, including the industry-leading soft gaming slot ‘Fluffy Favourites’. Eyecon has also developed its own Remote Gaming Server (RGS) which enables it to distribute its content direct to operators and via distributors, such as the entire 888 bingo network including 888 own bingo brand and Virtue Fusion, Playtech’s bingo network which integrated only a selected few games so far with the intention to offer the entire portfolio of Eyecon games across the network for the benefit of its licensees and their customer who will now have access to the same portfolio of Eyecon games offered elsewhere.

Eyecon currently derives almost all its revenue from the UK market and in line with Playtech’s acquisition strategy, almost all of Eyecon’s revenues are fully regulated. The addition of Eyecon’s content portfolio strengthens Playtech’s position as the leading content provider in this key market. In addition, Eyecon’s proprietary RGS and distribution network will strengthen the penetration of Playtech’s Virtue Fusion offering.

The maximum consideration of £50m (c. EUR 58m) comprises an initial payment of £25m (c. EUR 29m) on a cash free / debt free basis, representing a multiple of c.8x Eyecon’s current run-rate EBITDA. An additional consideration of up to £25m is payable on an earn-out basis of six times Eyecon’s EBITDA in the period to June 2019 (subject to certain adjustments) less the initial payment.

To assist in retaining the knowledgeable and specialist Eyecon team, its founder Scott Murray, has committed to remain with the business for at least three years.

Current trading and outlook

Average daily revenue in the Gaming division for the first 51 days of Q1 2017 was up 27% on Q1 2016 (32% at constant currency) and up 11% on Q4 2016 (10% at constant currency). Excluding acquisitions, average daily revenue in the Gaming division for the first 51 days of Q1 2017 was up 9% on Q1 2016 (12% at constant currency) and up 11% on Q4 2016 (up 10% at constant currency).

The Financials Division has performed in line with expectations in 2017 to date. Markets.com KPIs continue to be encouraging against a backdrop of low volatility and CFH continues to perform well with B2B volumes in line with expectations.

Playtech continues to focus on M&A to augment organic growth and its M&A pipeline remains healthy.

Given the progress we have made in 2016, delivering on our strategic objectives, we remain confident of strong performance in 2017 driven by both organic growth and the acquisitions made in 2016.

Chief Financial Officer’s review

Presentation of results

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

The Directors believe therefore that Adjusted EBITDA and Adjusted Net Profit more accurately represent the trading performance of the business and are the key performance metrics used by the Board when assessing the Group's financial performance. A full reconciliation between the actual and adjusted results is provided in Note 5 of the financial statements below.

Given the significant fluctuations in exchange rates in the period, the underlying results are presented in respect of the above measures after excluding acquisitions and on a constant currency basis to best represent the trading performance and results of the Group.

Overview

2016 has seen Playtech once again deliver a strong financial performance with total reported revenues and Adjusted EBITDA up 12% and 20% respectively compared to 2015. In addition, Playtech executed its M&A strategy, investing cash of €240 million in acquisitions including BGT, Quickspin, ECM and CFH, whilst returning €296 million to investors through progressive dividends, a special dividend and a €50 million share buy-back programme.

Significant fluctuations in currency exchange rates, mainly in Sterling, due to macro-economic events had a material effect on the financial results of the year across all key metrics. On a constant currency basis, revenues, Adjusted EBITDA and Adjusted Net Profit, increased by 20%, 32% and 42% respectively. When further excluding the effect of acquisitions, reflecting the underlying performance of the business, revenues, Adjusted EBITDA and Adjusted Net Profit increased by 13%, 28% and 48% respectively.

The percentage of total regulated revenues for the Gaming division increased by 1% in 2016 to 42% with Sun Bingo, launched towards the end of the 3rd quarter of the year, together with the acquisitions of BGT and ECM, all contributing fully regulated revenue streams to our top line.

Adjusted EBITDA was up 20% in the period, or 32% at constant currency and 28% when further excluding acquisitions. Group Adjusted EBITDA margin increased from 40% in 2015 to 42.7%, and from 40% to 44% at constant currency, despite a greater contribution from lower margin areas of the business such as White Label, the Financials Division and Casual. This improved margin is a result of tight cost control to create sustainable efficiencies across all areas of the business as well as improved commercial terms in Asia, which increased revenues with no material additional cost.

Playtech continues to be highly cash generative and once again delivered strong operating cashflows of €251.4 million, representing high conversion from Adjusted EBITDA. When excluding cash movements, which are not reflected in Adjusted EBITDA, such as movements in jackpot liabilities, customer security deposits and changes in client equity, cash from operating activities represented a 94% conversion to Adjusted EBITDA

Playtech has a very strong balance sheet with cash and cash equivalents of €544.8 million at the end of the year, or Adjusted Gross cash of €392.0 million net of cash held on behalf of client funds, progressive jackpot and security deposits. Together with the Available-for-sale investments, which stood at €230.3 million at year end, Playtech has considerable available resources to execute its strategy.

Revenue

Total reported revenue increased by 12% to €708.6 million (2015: €630.1 million) and by 20% on a constant currency basis, with underlying growth of 13% (after excluding acquisitions at constant currency).

New presentation of Gaming revenues by vertical

From the 2017 interim results onwards, Playtech will be removing the Land-based vertical which reflects the true omni-channel nature of the offering by allocating revenues which were defined as land-based revenues to the relevant product verticals.

The revenues from Land-based were allocated as follows:

- Videobet and Videobet interactive to Casino;
- retail sport revenues, which are mainly BGT, to Sports;
- retail bingo revenues, generated by ECM to Bingo; and
- IGS, including other sale of machines, to Other.

Current Presentation	2015 €m	2016 €m	Change	Constant Currency Change
Casino	308.7	354.6	15%	23%
Services	155.6	151.6	-3%	4%
Sport	32.2	30.9	-4%	2%
Land-based	29.8	57.1	92%	108%
Bingo	20.5	17.8	-13%	-1%
Poker	11.2	9.1	-19%	-17%
Other	12.1	21.9	81%	89%
Gaming division	570.1	643.0	13%	21%
Financials division	60.0	65.6	9%	11%
Total revenue	630.1	708.6	12%	20%

Future Presentation	2015 €m	2016 €m	Change	Constant Currency Change
Casino	328.8	374.1	14%	22%
Services	155.6	151.6	-3%	4%
Sport	34.5	58.4	69%	82%
Land-based	-	-	-	-
Bingo	20.5	19.8	-3%	10%
Poker	11.2	9.1	-19%	-17%
Other	19.5	30.0	54%	62%
Gaming division	570.1	643.0	13%	21%
Financials division	60.0	65.6	9%	11%
Total revenue	630.1	708.6	12%	20%

From the old presentation of the verticals to the new there was an increase in the 2016 Casino revenue figure of €19.5 million and in Sport an increase of €27.5 million. Bingo saw a €2.0 million increase while Other increased by €8.1 million.

Casino continues to be the biggest product vertical, adding €45.9 million of revenues in the period, taking Casino revenues to €354.6 million, with growth of 23% at constant currency and 21% when excluding acquisitions. Mobile casino revenues more than doubled over 2015, pushing mobile penetration to 29% compared to 16% in 2015. The main growth drivers in both total casino and mobile casino were the continued growth in Asia, which more than tripled its mobile penetration compared to 2015; and the growth in the UK's casino mobile revenues, reaching more than 50% in

penetration, led by top operators, including Ladbrokes, GalaCoral, Bet365 and Sky. The growth in Casino is predominantly from core casino, e.g. slots and roulette, with addition growth generated by Playtech Live casino and the Playtech Open Platform.

Services revenues increased by 4% on a constant currency basis, whilst decreasing by 3% on a reported basis. The decrease on a reported basis is mainly due to a faster decline in .com revenues, mostly reflected in marketing and affiliation services revenues, than the increase in regulated revenues. The increase in regulated services revenues were mainly generated from structured agreements, such as Caliente and Marca, and a moderate increase in white-label operations revenues.

Sport revenues increased in 2016 by 2% on a constant currency basis after excluding acquisitions, decreasing on a reported basis by 4% to €30.9 million. The decrease on a reported basis, as previously indicated, is mainly due to the loss of three Mobenga contracts with UK licensees. When excluding the aforementioned licensees, Sports grew by 53%, on a reported basis, mainly from growth in Ladbrokes and Caliente.

Land-based revenues increased by 9% at constant currency, after excluding the acquisitions of BGT and ECM and by 92% on a reported basis. The underlying growth driven mainly by growth from IGS and a one-off sale income from Elite gaming, which should start producing recurring revenues at the end of Q3 2017.

Bingo revenues decreased by 1% on a constant currency basis and reported bingo revenues decreased by 13%. Bingo remains a gateway to maximise value by attracting players and then cross-sell them to casino and other product verticals. Bonusing schemes by operators were the main reasons for the decrease, while KPIs, such as active players per week, bets per week and gross gaming win per week, at an all-time high. If Bingo casino side games are added to the revenues reported in the Bingo line item, the total revenues would be €28.9 million. During the year, key contracts were renewed, such as Paddy Power-Betfair, William Hill and others, securing Playtech's strong position in this important vertical.

Poker reported revenues have decreased by 19% compared to 2015, as the entire market continues to be challenging. Poker is still an important vertical in the operators' offering and Playtech remains dedicated to the product.

Other revenues grew by 81% mainly due to Casual games revenues which enjoyed a significant uplift in the second half of the year following the launch of the Narcos branded game.

Revenues in Financials division

Playtech completed the acquisition of Markets Limited on 8 May 2015 with the acquisition of CFH completing on 30 November 2016 with the respective financial performance from these companies consolidated into Group results from these dates.

2016 revenue in the Financials division was €65.6m, up 9% versus 2015. CFH contributed €1.8m to 2016 revenues from completion.

As presented in the 2015 final results and 2016 interim results, since Playtech entered into the financial vertical, the regulatory backdrop under which it operates has become increasingly developed, with tighter restrictions and controls imposed on brokers across all aspects of the business.

The first half results reflect the full-impact of the business transition and improvements made due to the regulatory changes, including the cessation of relationships with Introducing Brokers; moving away from binary options; fundamental changes in onboarding processes; financial promotions as well as the transition made from a salesperson based approach to automated funnels for customer acquisition and retention initiatives.

Following these changes, the second half of 2016 saw a material improvement in performance with encouraging KPIs. Total active CFD customers were up 10% in H2 2016 with total first time CFD depositors up 37%. As discussed at the time of the interim results in 2016, the second half of the year also benefitted from further reductions in the cost base made in June 2016 with headcount now reduced by a third since the acquisition in May 2015.

Adjusted EBITDA & Adjusted EBITDA margin

	2016	2015
	€'000	€'000
EBITDA	291,852	234,011
Employee stock option expenses	6,940	4,904
Professional expenses on acquisitions	3,441	6,181
Irrecoverable deposit and professional fees on abandoned acquisitions	-	6,792
Adjusted EBITDA	302,233	251,888
Adjusted EBITDA margin	42.7%	40.0%
Adjusted EBITDA on a constant currency basis	331,586	251,888
Adjusted EBITDA margin on a constant currency basis	44.0%	40.0%
EBITDA related to acquisitions at constant currency	(29,774)	(16,774)
Underlying Adjusted EBITDA	301,812	235,114
Underlying Adjusted EBITDA margin	47.1%	41.4%

The Adjusted EBITDA margin increased significantly from 40.0% in 2015 to 42.7% in 2016 and 44.0% on a constant currency basis. When excluding the effect of acquisitions, the margin increased to 47.1%. This improved margin is a result of tight cost control to create sustainable efficiencies across all areas of the business as well as improved commercial terms in Asia, which increased revenues with no material additional cost.

Adjusted EBITDA for the Financials division was €15.4 million, against an adjusted EBITDA of €15.9 million in 2015. The reduction in EBITDA compared to the prior period was a direct result of the reduced revenue arising from lower volatility in 2016 when compared to 2015, together with the consequences of the business enhancements in building a solid foundation for future growth.

It is worth noting that Adjusted EBITDA margin will become a less relevant metric for the Group over time as due to the greater contribution from lower margin areas of the business such as White Label, the Financials Division and Casual.

Cost of operations

	2016		2015*	
	€'000		€'000	
Adjusted operating expenses	406,325		378,198	
Less revenue-driven costs	52,004		36,026	
Adjusted operating expenses excluding revenue-driven costs	354,321		342,172	
Employee-related costs	190,023	53%	181,711	53%
Cost of service	51,076	14%	48,242	14%
Operational marketing costs	41,366	12%	45,773	13%
Admin and office costs	34,320	10%	28,702	9%
Other costs	24,473	7%	26,129	8%
Travel, exhibition and marketing costs	13,063	4%	11,615	3%
Adjusted operating expenses excluding revenue-driven costs	354,321		342,172	

* Direct marketing costs relating both to the Gaming Services division and the Financials division were reallocated to Operational marketing costs, both in 2016 and in the comparative figures of 2015.

Adjusted operating expenses increased by 7%, from €378.2 million to €406.3 million in 2016 and by 12% on a constant currency basis.

Revenue-driven costs comprise mainly of white-label related costs, such as brand fees gaming taxes, processing fees and others, fees paid to sales agents and license fees paid to third parties, including games developers, IP owners and branded content, which are typically calculated as a share of the licensee revenues generated. Revenue-driven costs as a proportion of total revenue increased from 6% in 2015 to 7% in 2016, mainly due to additional cost related to Sun Bingo.

Employee-related costs increased by 5%, and decreased by 4% after excluding acquisitions. The decrease is mainly due to the weakening of the Sterling compared to Euro and due to a cost reduction plan that was executed towards the end of the first half of 2016, which resulted in a decrease of about 500 employees when comparing the headcount at the end of 2016 to the end of 2015, excluding acquisitions made during the year. Capitalised development costs increased by 1%, to 15% of total employee related costs to €34.2 million (2015: €28.6 million), reflecting 36% and 34% out of development employee related costs in 2016 and 2015 respectively. The increase in the capitalisation rate is mainly due to the development of the CFD trading platform and the development of the Sportsbook system, including BGT, together with new games and platform capabilities.

Cost of service comprises mainly of dedicated development teams cost, charged back to licensees, hosting and software license cost. During 2016 B2B marketing cost was reclassified from cost of service to operational marketing cost and the comparative numbers were adjusted accordingly. The decrease is mainly as a result of last year's expiration of a licensing agreement for certain real money and social games IP.

Admin and office costs increased by 20% and by 11% excluding acquisitions, mainly due to expansion of existing offices. As a proportion of adjusted non-revenue-related costs of operation remained broadly at the same level as in 2015.

Operational marketing costs include marketing cost for B2B and white-label activity of the gaming division and B2C marketing costs in the financial division. These costs were reclassified from revenue driven costs and cost of service, including in the 2015 comparative to better reflect the operational marketing costs of the business. In 2016 there was a 10% decrease and a 26% decrease when excluding acquisitions, mainly linked to the decrease in marketing revenues.

Finance income, financial cost and tax

Foreign exchange rate losses of €44.7 million during 2016, compared to a gain of €10.6 million in 2015 is the main reason that adjusted net finance cost was €37.2 million in 2016 compared to an adjusted net finance income of €9.4 million in 2015, together with higher interest cost, due to a full term of interest on the debt facility, which were offset by dividends from the available for sale investment in Ladbrokes of €3.7 million (2015: €2.3 million) and Plus500 of €8.2 million (2015: zero).

The Company is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is set at zero. The Group's main trading subsidiaries are registered either in the Isle of Man, British Virgin Islands, Alderney, Gibraltar or Cyprus, where effective tax rates are low or set at zero. Other subsidiaries (normally related to the Group's development centres) are located in other jurisdictions and operate on a cost-plus basis, and are taxed on their residual profits. The tax charge in 2016 was €6.3 million (2015: €5.6 million).

Adjusted profit and Adjusted EPS

	2016	2015
	€'000	€'000

Profit attributable to owners of the parent	193,030	135,810
Amortisation on acquisitions	44,318	41,751
Impairment of intangible assets	12,335	-
Non-cash accrued bond interest	9,802	9,388
Employee stock option expenses	6,940	4,904
Professional costs on acquisitions	3,441	6,181
Movement in deferred and contingent consideration	832	1,088
Profit on disposal of investment in associates	(64,459)	-
Irrecoverable deposit and professional fees on abandoned acquisitions	-	6,792
Adjusted profit attributable to owners of the parent	206,239	205,914
Adjusted basic EPS (in Euro cents)	65.7	67.5
Adjusted diluted EPS (in Euro cents)	59.8	61.8
Constant currency impact	72,110	(10,578)
Adjusted profit for the year attributable to owners of parent on constant currency	278,349	195,336
Adjusted Net Profit on constant currency related to acquisitions	(6,673)	(11,333)
Underlying adjusted profit for the year - attributable to owners of the parent	271,676	184,003

Adjusted profit remained at the same level as in 2015, significantly impacted by fluctuations in currency exchange rates, mainly in Sterling, resulting in unrealised exchange rate losses. On a constant currency basis, Adjusted Net Profit increased by 42% compared to 2015.

Adjusted diluted EPS was down 3%, whilst Adjusted diluted EPS on a constant currency basis was up 37%, impacted by an increase in shares from the placing in June 2015 and a decrease due to the share buyback executed in December 2016. Adjusted diluted EPS is calculated on the basis of a weighted average number of shares in issue during 2016 of 347.5 million which includes the shares underlying the convertible bond issued in November 2014. The diluted EPS and the adjusted diluted EPS amounts for 2015 was adjusted to reflect the impact of the convertible bonds.

Total amortisation in the period was €87.5 million (2015: €70.8 million), an increase generated mainly by new acquisitions and impairment of certain intangible assets of €12.3 million, the largest of these relating to the impairment of goodwill of Pokerstrategy, following a decline in the Poker market and loss of key customer. When excluded, amortization decreased by a marginal 3%.

Cashflow

Playtech continues to be highly cash generative and once again delivered strong operating cashflows of €251.4 million.

Cash conversion

	2016 €'000	2015 €'000
Adjusted EBITDA	302,233	251,888
Net cash provided by operating activities	251,366	200,768
Cash conversion	83%	80%
Decrease /(Increase) in Progressive, operators' jackpots, security deposits	16,581	(5,973)
Decrease in Client equity	17,512	6,496
Adjusted net cash provided by operating activities	285,459	201,291
Adjusted Cash conversion	94%	80%

Operating cash conversion improved from 80% to 94% from Adjusted EBITDA when adjusted for jackpots, security deposits and client equity. Since the timing of cash inflows and outflows for

jackpots, security deposits and client equity only affects operating cashflow for technical accounting reasons, and not EBITDA, adjusting these cash fluctuations is essential to truly reflect the quality of revenues and cash collection.

The increase in cash conversion reflects the improvement in the Gaming division days sales outstanding (“DSO”) from 48 days at the end of 2015 and 60 days at the first half of 2016 to 40 days at the end of the year. As indicated previously the higher trade receivables in prior periods were part of regular course of business, as there were no changes to customer’s payment terms or revenue recognition methods.

Net cash outflows from investing activities totalled €219.7 million in the period. €240.2 million relates to consideration paid for acquisitions including BGT, Quickspin, ECM, CFH and others. Cash outflows from financing activities included €96.1million of annual and interim dividend payments, €149.6 million of special dividend payment and a €49.8 million share buyback programme.

Balance sheet and financing

As at 31 December 2016, cash and cash equivalents amounted to €544.8 million, a decrease of €313.1 million compared to the end of 2015, following the €245.7 million paid in dividend and special dividend during the year, €49.8 million of share buy-back, total acquisitions of €240.2 million and the exchange rate losses of €44.7 million. Playtech acquired Eyecon after year the end for an initial amount of £25 million.

Progressive, operators' jackpots and security deposits decreased by €16.6 million to €46.8 million and client funds and deposits increased by €62.3 million, including the client funds acquired from CFH, to €106.1 million, from the end of 2015. Cash and cash equivalents net of cash held on behalf of client funds, progressive jackpot and security deposit is €392.0 million

Total available-for-sale investments were €230.3 million, a decrease compared to the end of 2015, mainly due a depreciation in value of holdings in Plus500 and in Ladbrokes and exchange rate losses in total of €53.9 million, which was set off by additional shares in Ladbrokes, which were received on 1 November 2016, following the completion of the merger between Ladbrokes and Coral Group in total of €44.5 million.

Contingent and deferred consideration liability increased to €209.1 million, mainly due to the redemption liabilities on Quickspin, BGT and CFH acquisitions.

Acquisition	Contingent consideration* and redemption liability as of 31.12.2016	Maximum payable earnout
Markets	€139.1 million	€250 million
Quicksipin	€24.1 million	€26 million
Best Gaming Technology	€21.4 million	€60 million
Consolidated Financial Holdings	€17.4 million	\$76.6 million
ECM	€4.2 million**	£1.1 million
Others	€2.8 million	

*net of discount applied

** Includes working capital adjustment

Dividend

To provide greater certainty and consistency of dividend payments, the Board adopted a progressive dividend policy in 2016 which allows the Board to reflect its confidence in the growth and cash generation of the business without being tied to a firm percentage payout as one-off items can impact results, such as the impact from foreign exchange which we saw in 2016.

Playtech's intention to grow dividends from the current level in line with the underlying performance of the business on a smoothed basis and to continue to pay the dividend split approximately one-third as an interim dividend and two-thirds as a final dividend.

In October 2016 the Company paid an interim dividend of 11.0 €cents per share (2015: 9.6 €cents per share), an increase of 15%.

The Board has recommended a final dividend of 21.7 €cents per share (2015: 18.9 €cents), an increase of 15% over 2015, taking the total dividend for 2016 to 32.7 €cents per share being a total payout of €96 million, or €246 million including the €150m special dividend paid in November and December 2016. The final dividend is subject to shareholder approval at the AGM in May 2017.

For those shareholders wishing to receive their dividends in Sterling the last date for currency elections is 12 May 2017.

Timetable:

Ex-dividend date:	Thursday 4 May 2017
Record date for dividend:	Friday 5 May 2017
Currency election date:	Friday 12 May 2017
Payment date:	Friday 2 June 2017

Principal risks and uncertainties

The key risks, which will be discussed further including how they are being addressed in Playtech's 2016 Annual Report (which will be available in the investor relations section of the corporate website), are:

Risks relating to both the Gaming division and Financials division

- **Regulation – licensing requirements**
The Group holds a number of licences for its activities from regulators. Loss of all or any of these licences may adversely impact on the revenues and/or reputation of the Group.
- **Regulation – Local requirements**
New licensing regimes may impose conditions. For example, introduction of a requirement to locate significant technical infrastructure within the relevant territory or to establish and maintain real-time data interfaces with the regulator. Such conditions present operational challenges and may prohibit the ability of licensees to offer the full range of the Group's products.
- **Taxation**
Given the environment in which the Group operates, the business is exposed to continuously evolving rules and practices governing the taxation of e-commerce activity in various jurisdictions. Adverse changes to tax rules and changes may increase the Group's underlying effective tax rate and reduce profits available for distribution.
- **Economic Environment**
A downturn in consumer discretionary spend or macroeconomic factors outside of Playtech's control could result in reduced spend by consumers on gambling and financial trading and the Group's revenues would fall.
- **Cash Management – Acquisitions**
Playtech have 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.
- **Cash Management – Cash Balances**

Foreign exchange volatility could impact the Group's financial position

- **Key Employees**

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

- **IT Security**

The risk of impairment to our operations for example through cyber and distributed denial of service (DDoS) attacks, technology failure or terrorist attack continues to be one that the Group considers to be significant. System failure could significantly affect the services offered to our licensees.

- **Regulatory – Data Protection**

The requirements of the new EU General Data Protection Regulations (GDPR) will come into force in May 2018. This places onerous responsibilities on data controllers and processors who have users in the EU regardless of where the data is held or processed.

- **Regulatory – Preventing Financial Crime**

New regulations requiring companies to take action in preventing financial crime are being developed. These include a new Anti-Money Laundering (AML) directive coming into force on 26th June 2017 and calls for improved Anti-Bribery and Corruption (ABC) regulations.

- **Intellectual Property Rights**

The Group's primary commercial activity is as a licensor of gambling software. The Group predominantly owns the intellectual property (IP) rights in that gambling software, including the IMS which is key to maintaining our competitive advantage. Any claim that the Group doesn't own its IP (by a licensee or a third party), or any copying of the Group's IP by a third party, could have a significant effect on revenues. In addition, the Group licenses intellectual property from third parties, including creation of very successful branded games. Any loss of such IP rights could lead to a decline in casino revenues.

- **Business Continuity Planning**

Loss of revenue, reputational damage or breach of regulatory requirements may occur as a result of a business or location disruptive event.

Additional risks relating to the Gaming division

- **Regulatory – Responsible Gambling**

Responsible gambling is a material concern to society as well as a regulatory priority. Licensing requirements are regularly updated to ensure that companies in the sector provide a safe environment for consumers. Recent trends have seen an additional regulatory focus on treating customers fairly and conducting marketing and advertising in a responsible manner.

Additional risks relating to the Financials division

- **Market exposure**

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

- **Regulatory – Capital Adequacy**

The requirement to maintain adequate regulatory capital may affect the Group's ability to conduct its business and may reduce profitability.

- **Trading volume**

Low volatility within foreign exchange rates, commodity prices, equity and index prices may reduce profitability.

By order of the Board,

Mor Weizer
Chief Executive Officer
22 February 2017

Andrew Smith
Chief Financial Officer
22 February 2017

Directors' responsibility statement

We confirm to the best of our knowledge;

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

The directors of Playtech plc are listed in the Group's Annual Report and Accounts for the year ended 31 December 2016. A list of current directors is maintained on Playtech's website, www.playtech.com

By order of the Board,

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016		2015	
		Actual	Adjusted	Actual	Adjusted
		€'000	*€'000	€'000	*€'000
Revenue	4	708,558	708,558	630,086	630,086
Distribution costs before depreciation and amortisation		(345,934)	(340,790)	(331,705)	(327,791)
Administrative expenses before depreciation and amortisation		(70,772)	(65,535)	(64,370)	(50,407)
EBITDA		291,852	302,233	234,011	251,888

Depreciation, amortisation and impairment		(107,600)	(50,947)	(85,398)	(43,647)
Finance income	7a	13,270	13,270	14,631	14,631
Finance cost	7b	(61,119)	(50,485)	(15,666)	(5,190)
Share of profit from joint ventures	13a	146	146	229	229
Share of loss from associates	13b	(693)	(693)	(5,856)	(5,856)
Profit on disposal of investment in associate	13c	64,459	-	-	-
Profit before taxation		200,315	213,524	141,951	212,055
Tax expenses	8	(6,303)	(6,303)	(5,646)	(5,646)
Profit for the year		194,012	207,221	136,305	206,409
Other comprehensive income for the year:					
<i>Items that may be classified to profit or loss:</i>					
Change in fair value of available for sale equity instruments	14	(53,868)	(53,868)	1,160	1,160
Exchange gains arising on translation of foreign operations		14,251	14,251	3,491	3,491
<i>Total items that may be classified to profit or loss</i>		<i>(39,617)</i>	<i>(39,617)</i>	<i>4,651</i>	<i>4,651</i>
Total comprehensive income for the year		154,395	167,604	140,956	211,060
Profit for the year attributable to:					
Owners of the parent		193,030	206,239	135,810	205,914
Non-controlling interest		982	982	495	495
		194,012	207,221	136,305	206,409
Total comprehensive income attributable to:					
Owners of the parent		153,543	166,752	140,236	210,340
Non-controlling interest		852	852	720	720
		154,395	167,604	140,956	211,060
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	9	61.4	65.7	44.5	67.5
Diluted (cents)	9	58.8	59.8	43.7	61.8

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, professional costs on acquisitions and irrecoverable deposit and abandoned acquisitions, finance costs on acquisitions, change

in fair value of available-for-sale investments in the income statement, non-cash accrued bond interest and additional various non-cash charges. The directors believe that the adjusted profit measures represent more closely the consistent trading performance of the business. A full reconciliation between the actual and adjusted results is provided in Note 5.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Additional paid in capital	Available for sale reserve	Retained earnings	Employee benefit trust	Convertible bond option reserve	Put/Call options reserve	Foreign exchange reserve	Total attributable to equity holders of parent	Non- controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 Jan 2016	638,209	1,964	592,051	(27,495)	45,392	-	3,266	1,253,387	7,308	1,260,695
Changes in equity for the year										
Total comprehensive income for the year	-	(53,021)	193,030	-	-	-	13,534	153,543	852	154,395
Dividend paid	-	-	(245,734)	-	-	-	-	(245,734)	-	(245,734)
Exercise of options	-	-	(1,937)	2,078	-	-	-	141	-	141
Employee stock option scheme	-	-	6,812	-	-	-	-	6,812	128	6,940
Share buy back	(10,445)	-	(39,384)	-	-	-	-	(49,829)	-	(49,829)
Acquisition of minority interest	-	-	(5,974)	-	-	-	-	(5,974)	(1,320)	(7,294)
Non-controlling interest acquired on business combination	-	-	-	-	-	(34,341)	-	(34,341)	14,746	(19,595)
Balance at 31 December 2016	627,764	(51,057)	498,864	(25,417)	45,392	(34,341)	16,800	1,078,005	21,714	1,099,719
Balance at 1 Jan 2015	324,774	804	537,692	(36,154)	45,392	-	-	872,508	675	873,183
Changes in equity for the year										
Total comprehensive income for the year	-	1,160	135,810	-	-	-	3,266	140,236	720	140,956
Dividend paid	-	-	(81,805)	-	-	-	-	(81,805)	-	(81,805)

Issue of share capital (net of issue cost)	313,032	-	-	-	-	-	-	313,032	-	313,032
Exercise of options	403	-	(4,381)	8,659	-	-	-	4,681	140	4,821
Employee stock option scheme	-	-	4,735	-	-	-	-	4,735	169	4,904
Acquisition of minority interest	-	-	-	-	-	-	-	-	131	131
Non-controlling interest acquired on business combination	-	-	-	-	-	-	-	-	5,473	5,473
Balance at 31 December 2015	638,209	1,964	592,051	(27,495)	45,392	-	3,266	1,253,387	7,308	1,260,695

CONSOLIDATED BALANCE SHEET**AS AT 31 DECEMBER 2016**

		2016	2015
	Note	€'000	€'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	72,893	51,337
Intangible assets	12	1,014,635	750,872
Investments in equity accounted associates & joint ventures	13	39,026	51,778
Available for sale investments	14	230,278	237,100
Other non-current assets	15	26,861	20,830
		1,383,693	1,111,917
CURRENT ASSETS			
Trade receivables	16	73,744	74,632
Other receivables	17	73,966	27,806
Cash and cash equivalents	18	544,843	857,898
		692,553	960,336
TOTAL ASSETS		2,076,246	2,072,253
EQUITY			
Additional paid in capital	19	627,764	638,209
Available-for-sale reserve		(51,057)	1,964
Employee Benefit Trust	19	(25,417)	(27,495)
Convertible bonds option reserve	21	45,392	45,392
Put/Call options reserve		(34,341)	-
Foreign exchange reserve		16,800	3,266
Retained earnings		498,864	592,051
Equity attributable to equity holders of the parent		1,078,005	1,253,387
Non-controlling interest		21,714	7,308
TOTAL EQUITY		1,099,719	1,260,695
NON CURRENT LIABILITIES			
Loans and borrowings	20	200,000	200,000

Convertible bonds	21	266,230	256,429
Deferred revenues		3,454	3,235
Deferred tax liability	24	40,443	14,049
Contingent consideration and redemption liability	22	204,550	141,347
Other non-current liabilities		1,627	1,175
		716,304	616,235
CURRENT LIABILITIES			
Trade payables	23	28,171	17,411
Progressive operators' jackpots and security deposits		46,759	63,340
Client deposits		76,229	-
Client funds		29,863	43,761
Tax liabilities		11,732	5,910
Deferred revenues		4,456	4,355
Contingent consideration	22	4,577	4,491
Other payables	25	58,436	56,055
		260,223	195,323
TOTAL EQUITY AND LIABILITIES		2,076,246	2,072,253

The financial information was approved by the Board and authorised for issue on 22 February 2017.

Mor Weizer
Chief Executive Officer

Andrew Smith
Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS

		2016	2015
	Note	€'000	€'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after tax		194,012	136,305
Adjustments to reconcile net income to net cash provided by operating activities (see below)		67,085	69,950
Income taxes paid		(9,731)	(5,487)
Net cash provided by operating activities		251,366	200,768

CASH FLOWS FROM INVESTING ACTIVITIES

Loans and deposits advanced		(9,162)	(6,386)
Acquisition of property, plant and equipment	11	(26,224)	(27,327)
Return on investment in joint ventures and associates	13a	1,844	2,362
Acquisition of intangible assets	12	(13,019)	(4,331)
Acquisition of subsidiaries		(240,225)	(228,414)
Cash of subsidiaries on acquisition		100,244	49,487
Capitalised development costs	12	(36,176)	(31,357)
Investment in equity-accounted associates	13b,13c	(1,701)	(25,503)
Investment in available-for-sale investments	14	-	(209,797)
Return on available-for-sale investments	7a	11,894	2,311
Proceeds from sale of property, plant and equipment		145	398
Acquisition of minority interest		(7,329)	(598)
Net cash used in investing activities		(219,709)	(479,155)

CASH FLOWS FROM FINANCING ACTIVITIES

Dividends paid to the holders of the parent		(245,734)	(81,805)
Issue of share capital, net of issue costs		-	313,032
Share buy back	19	(49,829)	-
Interest paid on convertible bonds and bank borrowing		(4,594)	(2,685)
Proceeds from bank borrowings	20	-	200,000
Exercise of options		141	4,818
Net cash (used in)/from financing activities		(300,016)	433,360

(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(268,359)	154,973
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		857,898	692,347
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Exchange (losses)/gains on cash and cash equivalents		(44,696)	10,578
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CASH AND CASH EQUIVALENTS AT END OF YEAR		544,843	857,898
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2016**2015**

	€'000	€'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	20,092	14,578
Amortisation	75,173	69,610
Impairment	12,335	1,210
Share of profit from joint ventures	(146)	(229)
Share of loss from associates	693	5,856
Non- cash transaction	(30,686)	-
Non-cash accrued bond interest	9,802	9,388
Income tax expense	6,303	5,646
Employee stock option plan expenses	6,940	4,904
Movement in deferred and contingent consideration	832	1,088
Return on available for sale investments	(11,894)	(2,311)
Exchange losses/gains on cash and cash equivalents	44,696	(10,578)
Other	(191)	230
Changes in operating assets and liabilities:		
Increase/(decrease) in trade receivables	12,258	(29,010)
Increase in other receivables	(43,551)	(3,169)
Increase/(decrease) in trade payables	4,969	(6,842)
Increase/(decrease) in progressive, operators jackpot, security deposits	(16,582)	5,973
Decrease in client funds	(17,512)	(6,496)
Increase/(decrease) in other payables	(5,910)	12,353
Decrease in deferred revenues	(536)	(2,251)
	67,085	69,950

Acquisition of subsidiary

		2016	2015
	Note	€'000	€'000
Acquisitions in the year			
A. Acquisition of Best Gaming Technology GmbH	26b	138,490	-

B. Acquisition of Consolidated Financial Holdings AS	26d	38,927	-
C. Acquisition of Quickspin AB	26a	24,461	-
D. Acquisition of ECM Systems Holdings Ltd	26c	25,038	-
E. Other acquisitions	26e	9,545	-

Acquisitions in previous years

A. Acquisition of Yoyo Games Limited		1,808	14,427
B. Acquisition of Markets Limited		-	207,987
C. Other acquisitions		1,956	6,000

		240,225	228,414
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Non-cash transaction

		2016	2015
	Note	€'000	€'000
Disposal of investment in associate			
Fair value of Ladbrokes Coral plc shares received	13c	44,477	-
Cost related to the software and services agreement		(5,312)	-
Disposal of investment in associate	13c	(6,893)	-
Profit on disposal of investment in associate		32,272	-
Impairment of investment in associate	13b	(1,586)	-
Net profit on disposal of investment in associate		30,686	-

NOTE 1 – GENERAL

Playtech plc and its subsidiaries (the “Group”) develop unified software platforms for the online and land-based gambling industry, targeting online and land-based operators. Since May 2015 the Group also offered an online trading platform to retail customer which enabled them to trade CFD (Contracts for Differences) on a variety of instruments which fall under the general categories of Foreign exchange, Commodities, Equities and indices. In the context of this activity, the Group acts as a market-maker in a predominantly B2C environment. Following the acquisition of CFH in November 2016, the Group also provides B2B clients with technology for liquidity and clearing. Playtech’s gaming applications – online casino, poker and other P2P games, bingo, mobile, live gaming, land-based terminal and fixed-odds game are fully inter-compatible and can be freely incorporated as stand-alone applications, accessed and funded by the operators’ players through the same user account and managed by the operator by means of a single, powerful management interface.

Basis of preparation

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

The financial information set out in this document does not constitute the Group's statutory accounts for the year ended 31 December 2016 or 31 December 2015. The Annual Report and financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 22 February 2017 along with this preliminary announcement. The auditor's report on the statutory accounts for both the year ended 31 December 2016 and 31 December 2015 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 2016.

New standards, interpretations and amendments effective from 1 January 2016

There are no new standards, interpretations or amendments which are effective for periods beginning on or before 1 January 2016 which have a material effect on the Group's financial information.

The directors are still considering the potential impact of IFRS 15: Revenue from contracts with customers, and IFRS 9: Financial Instruments, but do not expect these standards to have a material effect on the Group's future financial information. The directors are still considering the potential impact of IFRS 16: Leases but expect a material adjustment to arise on transition as the Group has material lease commitments. Other than as noted, the directors do not expect that any other new standards, interpretations and amendments which are effective for periods beginning after 1 January 2016 to have a material effect on the Group's future financial information

Basis of consolidation

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

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

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

Foreign currency

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

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

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

- Assets and liabilities – at the rate of exchange applicable at the balance sheet date;
- Income and expense items – at average exchange rates applicable at the period of recognition of those items;
- Equity- at historic rate.
Exchange gains and losses from the aforementioned conversion are recognised in the foreign exchange reserve.

Revenue recognition

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

Royalty income

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

Trading income

Trading income represents gains (including commission) and losses arising on client trading activity, primarily in contracts for difference on shares, indexes, commodities and foreign exchange. Open

client positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed.

Fixed-fee income

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

Fixed-term arrangements

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

Distribution costs

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

Share-based payments

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

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

Income taxes and deferred taxation

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

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

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

the foreseeable future.

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

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

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

Dividend distribution

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

Property, plant and equipment

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

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

	%
Computers and gaming machines	20-33
Office furniture and equipment	7-33
Freehold and leasehold buildings and 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.

Put/Call options

Where a put/call option is entered into over the non-controlling interest the ownership risks and rewards of the shares relating to the option are analysed to determine whether the equity is attributable to the non-controlling interest or the parent. The non-controlling interest is recognised if the risks and rewards of ownership of those shares remain with them.

A financial liability is recorded to reflect the option. All subsequent changes to the liability (other than the cash settlement) are recognised in profit or loss.

Where the significant risks and rewards of ownership remain with the non-controlling interest the non-controlling interest continues to be recognised and is allocated its share of profits and losses.

Where the significant risks and rewards of ownership reside with the controlling interest, the financial liability recognised offsets the non-controlling interest.

Investments in subsidiary undertakings

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

Intangible assets

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

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

	%
Domain names	Nil
Internally generated capitalised development costs	20-33
Technology IP	13-33

Customer lists	In line with projected cash flows or 7-20
Affiliate contracts	5-12.5
Patents and license	Over the expected useful lives 10-33

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

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

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

Goodwill

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

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

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

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

Impairment of non-financial assets

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

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

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

Associates and structured agreements

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

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

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

Joint ventures

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

The Group classifies its interests in joint arrangements as either:

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

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

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

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

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

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

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

Financial assets

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

Loans and receivables

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

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

Trade receivables which principally represent amounts due from licensees are carried at original invoice value less an estimate made for bad and doubtful debts based on a review of all outstanding amounts at the year-end. An estimate for doubtful debts is made when there is objective evidence

that the Group will not be able to collect amounts due according to the original terms of receivables. Bad debts are written off when identified.

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

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

Available-for-sale financial assets

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

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

Financial liabilities

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

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

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

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

Loans and bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense

over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated balance sheet. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Fair value measurement hierarchy

IFRS 7 and IFRS 13 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 14 for more detailed information in respect of the fair value measurement.

Share capital

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

Employee Benefit Trust

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

Share buy back

The Group cannot hold treasury shares under the Group's memorandum and article of association and therefore the shares are cancelled after the buy back.

Convertible bond

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

conversion option and is recognised in the "Convertible bond option reserve" within shareholders' equity.

Long term liabilities

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

Provisions

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

Leases

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

Non-controlling interests

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

Adjusted results

The directors believe that in order to best represent the trading performance and results of the Group, the reported numbers should exclude certain non-cash and one-off items including the below. Accordingly, these are the key performance metrics used by the Board when assessing the Group's financial performance. Such exclusions include:

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

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

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

A full reconciliation of adjustments is included in note 5.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

Estimates and assumptions

Impairment of goodwill and other intangibles

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

Note 12.

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

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

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

Compliance risk- Legal, regulatory and taxation

Legal proceedings and contingent liabilities

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

Income taxes

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

Regulatory

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

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

Structured agreements

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

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

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

Share-based payments

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

Determination of fair value of intangible assets acquired on business combinations

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

Determination of the fair value of contingent consideration and redemption liability

The fair value of contingent consideration and redemption liability is based on the probability of expected cash flow outcomes and the assessment of present values using appropriate discount rates. Recognition of put/call options over non-controlling interest is based on consideration of the ownership risks and rewards of the shares relating to the option to determine whether the equity is attributable to the non-controlling interest or the parent. Further information in relation to the determination of the fair value of contingent consideration is given in Notes 26 and 27.

NOTE 4 – SEGMENT INFORMATION

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

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

The operating segments identified are:

- Gaming: including Casino, Services, Sport, Bingo, Poker and Land-based
- Financial: including B2C and B2B CFD

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

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

Year ended 31 December 2016

	Casino	Services	Sport	Land-based	Bingo	Poker	Other	Total Gaming	Total Financial	Consolidated
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total revenue	354,595	151,557	30,915	57,048	17,846	9,092	21,913	642,966	65,592	708,558
adjusted EBITDA								286,863	15,370	302,233
adjusted net profit								190,338	16,883	207,221

Total assets								1,881,342	194,904	2,076,246
Total liabilities								797,588	178,939	976,527

Year ended 31 December 2015

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

In 2016, there were two licensees (2015: Two licensees) who individually accounted for more than 10% of the total gaming revenue and the total revenue of the Group. Aggregate revenue from these licensees totaled €255.4 million (2015: €192.3 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.

	2016	2015
	€'000	€'000
Philippines	257,002	199,608
UK	188,847	179,510
Rest of World	81,595	64,141
Antigua	28,891	53,512
Gibraltar	25,410	30,285
Malta	25,341	10,798
Italy	17,132	15,591

Spain	12,654	6,209
Curacao	6,094	10,426
	642,966	570,080

Geographical analysis of non-current assets

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

	2016	2015*
	€'000	€'000
British Virgin Islands	560,528	571,446
Isle of Man	208,603	192,452
Austria	162,097	-
UK	108,915	90,550
Sweden	76,670	24,714
Cyprus	61,690	53,560
Denmark	51,583	-
Luxemburg	51,352	65,874
Gibraltar	32,322	37,032
Netherland	19,159	18,579
Latvia	13,947	11,243
Rest of World	36,827	46,467
	1,383,693	1,111,917

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

	2016	2015*
	€'000	€'000
British Virgin Islands	552,766	571,447
UK	349,190	316,565
Austria	162,097	-
Sweden	76,670	24,714
Cyprus	50,018	53,560
Gibraltar	32,322	37,032
Denmark	37,261	-

Isle of Man	27,664	32,311
Netherland	15,959	18,579
Latvia	13,947	11,243
Malta	12,601	-
Philippines	6,711	12,929
Rest of World	46,487	33,537
	1,383,693	1,111,917

*2015 comparative numbers were adjusted to reflect the location of intangible assets based on the location of the underlying acquired businesses rather than the location of the acquirer.

NOTE 5 – ADJUSTED ITEMS

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

	2016	2015
	€'000	€'000
Distribution costs before depreciation and amortisation	345,934	331,705
Employee stock option expenses	(5,144)	(3,914)
Adjusted distribution costs before depreciation and amortisation	340,790	327,791
Administrative expenses before depreciation and amortisation	70,772	64,370
Employee stock option expenses	(1,796)	(990)
Professional fees on acquisitions	(3,441)	(6,181)
Irrecoverable deposit and professional fees on abandoned acquisitions	-	(6,792)
Total adjusted items	(5,237)	(13,963)
Adjusted administrative expenses before depreciation and amortisation	65,535	50,407
Depreciation – distribution costs	17,887	12,653
Depreciation – administrative costs	2,205	1,925
Amortisation – distribution costs	75,173	69,610
Impairment	12,335	1,210
Total depreciation and amortization	107,600	85,398

Amortisation of intangibles on acquisitions – distribution costs	(44,318)	(41,751)
Impairment	(12,335)	-
Adjusted depreciation and amortisation	50,947	43,647
Revenue	708,558	630,086
Constant currency impact	45,608	-
Revenue on constant currency basis	754,166	630,086
Revenue related to acquisitions on a constant currency basis	(113,311)	(62,881)
Underlying revenue	640,855	567,205
EBITDA	291,852	234,011
Employee stock option expenses	6,940	4,904
Professional expenses on acquisitions	3,441	6,181
Irrecoverable deposit and professional fees on abandoned acquisitions	-	6,792
Adjusted EBITDA	302,233	251,888
Constant currency impact	29,353	-
Adjusted EBITDA on constant currency basis	331,586	251,888
EBITDA related to acquisitions on constant currency basis	(29,774)	(16,774)
Underlying adjusted EBITDA	301,812	235,114
Profit for the year- attributable to owners of parent	193,030	135,810
Amortisation of intangibles on acquisitions	44,318	41,751
Impairments	12,335	-
Profit on disposal of investment in associates	(64,459)	-
Employee stock option expenses	6,940	4,904
Professional expenses on acquisitions	3,441	6,181
Irrecoverable deposit and professional fees on abandoned acquisitions	-	6,792
Non-cash accrued bond interest	9,802	9,388
Movement in deferred and contingent consideration	832	1,088
Adjusted profit for the year - attributable to owners of the parent	206,239	205,914
Constant currency impact	72,110	(10,578)

Adjusted net loss/(profit) related to acquisitions on constant currency basis	278,349	195,336
Adjusted net profit related to acquisitions on constant currency basis	(6,673)	(11,333)
Underlying adjusted profit for the year - attributable to owners of the parent	271,676	184,003

NOTE 6 – EBITDA

EBITDA is stated after charging:

	2016	2015
	€'000	€'000
Directors compensation		
Short-term benefits of directors	2,231	2,359
Share-based benefits of directors	297	444
Bonuses to executive directors	2,071	1,942
	4,599	4,745
Auditor's remuneration		
Group audit and parent company (BDO)	362	362
Audit of subsidiaries (BDO)	599	544
Audit of subsidiaries (non-BDO)	207	194
Total Audit fees	1,168	1,100
Non-audit services provided by parent company auditor and its international member firms		
Corporate finance services related to acquisitions	320	883
Other non-audit services	133	60
Tax advisory services	418	213
Total Non-audit fees	871	1,156
Development costs (net of capitalised development costs of €35.5		

million (2015: €29.7 million)

88,036 80,988

NOTE 7 – FINANCING INCOME AND COSTS

	2016	2015
	€'000	€'000
A. Finance income		
Interest received	1,376	1,741
Return on available-for-sale investments	11,894	2,311
Exchange differences	-	10,579
	13,270	14,631
B. Finance cost		
Finance cost – movement in contingent consideration	(832)	(1,088)
Exchange differences	(44,696)	-
Notional interest expenses on convertible bonds	(9,802)	(9,388)
Nominal interest expenses on convertible bonds	(1,485)	(1,485)
Bank charges and interest paid	(4,304)	(3,705)
	(61,119)	(15,666)
Net financing cost	(47,849)	(1,035)

NOTE 8 – TAXATION

	2016	2015
	€'000	€'000
Current income tax		
Income tax on profits of subsidiary operations	9,652	7,759
Deferred tax (Note 24)	(3,349)	(2,113)
Total tax charge	6,303	5,646

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

	2016	2015
--	------	------

	€'000	€'000
Profit before taxation	200,315	141,951
Tax at effective rate in Isle of Man	-	-
Higher rates of current income tax in overseas jurisdictions	6,303	5,646

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

The deferred tax is due to the reversal of temporary differences arising on the identification of the intangible assets acquired in the current and prior years.

NOTE 9 – EARNINGS PER SHARE

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

	2016		2015	
	Actual	Adjusted	Actual	Adjusted
	€'000	€'000	€'000	€'000
Profit for the year attributable to owners of the parent	193,030	206,239	135,810	205,914
Add interest on convertible bond	11,287	1,485	10,873	1,485
Earnings used in diluted EPS	204,317	207,724	146,683	207,399
Basic (cents)	61.4	65.7	44.5	67.5
Diluted (cents)	58.8	59.8	43.7	61.8
	2016		2015	
	Actual	Adjusted	Actual*	Adjusted*
	Number	Number	Number	Number
<i>Denominator – basic</i>				
Weighted average number of equity	314,130,671	314,130,671	305,086,266	305,086,266

shares

Denominator – diluted

Weighted average number of equity shares	314,130,671	314,130,671	305,086,266	305,086,266
Weighted average number of option shares	2,326,838	2,326,838	411,618	411,618
Weighted average number of convertible bonds	31,059,798	31,059,798	30,170,356	30,170,356
Weighted average number of shares	<u>347,517,307</u>	<u>347,517,307</u>	<u>335,668,240</u>	<u>335,668,240</u>

As at 31 December 2016, none (2015: none) of the outstanding share options were included in 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.

* Earnings used in diluted EPS and the weighted average number of shares used in diluted EPS for 2015 were adjusted to reflect the impact of the convertible bonds.

NOTE 10 – EMPLOYEE BENEFITS

Total staff costs comprise the following:

	2016	2015
	€'000	€'000
Salaries and employee-related costs	234,410	219,676
Employee stock option costs	6,940	4,904
	<u>241,350</u>	<u>224,580</u>
Average number of employees:		
<i>Distribution</i>	4,782	4,837
<i>General and administration</i>	472	324
	<u>5,254</u>	<u>5,161</u>

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

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

- Long Term Incentive Plan 2012 (“LTIP”), awards (options, conditional awards or a forfeitable share award) granted under the plan vest on the first day on which they become exercisable which is typically between eighteen to thirty six months after grant date.

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

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

The Group granted 203,487 and 1,500,529 nil cost awards in December 2015 and December 2016 respectively.

At 31 December 2016, options under these schemes were outstanding over:

	2016	2015
	Number	Number
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of \$5.75 per share	-	1,667
Shares vested between 21 June 2007 and 21 June 2009 at an exercise price of £3.16 per share	-	10,000
Shares vested between 11 December 2007 and 11 December 2009 at an exercise price of £2.21 per share	-	5,334
Shares vested between 18 June 2008 and 18 June 2010 at an exercise price of £3.96 per share	3,750	6,267
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of \$7.68 per share	-	3,000
Shares vested between 31 December 2008 and 31 December 2010 at an exercise price of £3.86 per share	5,000	7,000
Shares vested between 25 April 2009 and 25 April 2012 at an exercise price of £4.35 per share	10,000	10,000
Shares vested between 28 November 2009 and 28 November 2012 at an exercise price of £3.20 per share	29,952	37,518
Shares vested on 22 May 2012 at an exercise price of £4.155 per share	20,000	20,000
Shares vested between 18 April 2012 and 18 April 2013 at an exercise price of £5.12 per share	23,200	23,200
Shares vested between 26 August 2012 and 26 August 2013 at an exercise price of £4.16 per share	35,811	37,111
Shares vested on 10 March 2015 at an exercise price of	49,000	73,000

	2016	2015
	Number	Number
£3.5225 per share		
Shares vested on 23 June 2016 at an exercise price of £3.48 per share	-	13,000
Shares will vest between 17 June 2016 and 17 June 2017 at nil cost	28,713	57,425
Shares vested on 21 December 2016 at nil cost	64,935	99,291
Shares will vest on 1 March 2018 at nil cost	146,919	146,919
Shares will vest between 1 September 2016 and 1 March 2018 at nil cost	383,071	56,568
Shares will vest on 1 March 2019 at nil cost	246,728	-
Shares will vest between 1 September 2017 and 1 March 2019 at nil cost	677,338	-
Shares will vest on 21 December 2019 at nil cost	111,720	-
	1,836,137	607,300

Total number of shares exercisable as of 31 December 2016 is 376,213 (2015: 247,097).

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

	2016	2015	2016	2015
	Number of options	Number of options	Weighted average exercise price	Weighted average exercise price
Outstanding at the beginning of the year	607,300	1,209,873	\$6.99, £1.52	\$5.27, £3.64
Granted	1,500,529	360,203	nil	nil
Forfeited	(13,215)	(25,041)	nil	£4.44
Exercised	(258,477)	(937,735)	\$6.99, £0.87	\$4.99, £3.64
Outstanding at the end of the year	1,836,137	607,300	£0.38	\$6.99, £1.52

Included in the number options exercised during the year is 14,061 options (2015: nil) where a cash alternative was received.

The weighted average share price at the date of exercise of options was £8.718 (2015: £8.036).

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

Expiry date	Exercise price	2016 Number	2015 Number
Between 6 February 2016 and 11 December 2016	Between \$4.35 and \$5.75 and between £1.72 and £3.16	-	17,001
Between 15 May 2017 and 31 December 2017	Between \$7.19 and \$7.79 and between £3.39 and £3.96	8,750	16,267
Between 25 April 2018 and 31 December 2018	\$4.35 and between £3.17 and £5.31	39,952	47,518
Between 22 May 2019 and 6 November 2019	Between £3.70 and £4.16	20,000	20,000
Between 18 April 2020 and 26 August 2020	Between £4.16 and £5.12	59,011	60,311
Between 10 March 2021 and 16 December 2021	Between £2.30 and £3.52	49,000	73,000
21 June 2022	£3.48	-	13,000
17 December 2024	Nil	93,648	156,716
17 December 2025	Nil	529,990	203,487
Between 21 December 2026 and 31 December 2026	Nil	1,035,786	-
		1,836,137	607,300

Markets ESOP

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

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

Total number of share options exercisable as of 31 December 2016 is 55,734 (2015: 10,126).

	2016 Number	2015 Number
Shares vested between 1 June 2011 and 31 December 2016 at an exercise price of \$4 per share	3,800	4,089

Shares vested between 1 November 2013 and 31 December 2016 at an exercise price of \$12 per share	4,338	5,537
Shares vested between 1 December 2015 and 31 December 2016 at an exercise price of \$70 per share	47,596	500
	<u>55,734</u>	<u>10,126</u>
Shares vesting between 1 January 2016 and 31 August 2016 at an exercise price of \$4 per share	-	2,749
Shares vesting between 1 January 2016 and 31 May 2017 at an exercise price of \$12 per share	612	10,838
Shares vesting between 1 January 2017 and 31 August 2020 at an exercise price of \$70 per share	103,715	145,186
	<u>104,327</u>	<u>158,773</u>
	<u>160,061</u>	<u>168,899</u>

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

	2016	2015	2016	2015
	Number of options	Number of options	Weighted average exercise price	Weighted average exercise price
Outstanding at the beginning of the year	168,899	60,300	\$ 60.7	\$ 16.58
Granted through the year	11,000	139,486	\$ 70	\$ 70
Forfeited	(12,410)	(29,838)	\$ 36.75	\$ 1.33
Exercised	(7,428)	(1,049)	\$ 9.17	\$ 4
Outstanding at the end of the year	<u>160,061</u>	<u>168,899</u>	<u>\$ 66.64</u>	<u>\$ 60.7</u>

Included in the number of options exercised during the year is 1,049 (2014: 25) where a cash alternative was received.

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

	2016	2015
	Number	Number
Share options to be expired between 1 June 2020 and 1 August 2022 at an	3,800	6,838

exercise price of \$4 per share

Share options to be expired between 1 September 2022 and 1 November 2023 at an exercise price of \$12 per share

4,950 16,375

Share options to be expired between 1 December 2024 and 10 March 2025 at an exercise price of \$70 per share

151,311 145,686

160,061 168,899

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

	Computers and gaming machines	Office furniture and equipment	Motor vehicles	Freehold and leasehold buildings and improvements	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2015	54,857	5,721	456	15,341	76,375
Additions	13,435	2,490	202	11,200	27,327
Acquired through business combinations	621	435	-	66	1,122
Disposals	(1,723)	(190)	(144)	(9)	(2,066)
Foreign exchange Movements	1	3	-	-	4
At 31 December 2015	67,191	8,459	514	26,598	102,762
Accumulated depreciation					
At 1 January 2015	33,617	1,581	180	2,678	38,056
Charge	10,770	1,856	83	1,869	14,578
Disposals	(976)	(172)	(61)	-	(1,209)
At 31 December 2015	43,411	3,265	202	4,547	51,425
Net Book Value					
At 31 December 2015	23,780	5,194	312	22,051	51,337
At 31 December 2014	21,240	4,140	276	12,663	38,319

	Computers and gaming machines	Office furniture and equipment	Motor vehicles	Buildings and leasehold buildings and improvements	Total
	€'000	€'000	€'000	€'000	€'000
Cost					
At 1 January 2016	67,191	8,459	514	26,598	102,762
Additions	17,816	2,560	284	5,564	26,224
Acquired through business combinations	14,392	1,049	-	44	15,485

Disposals	(246)	(126)	(92)	(169)	(633)
Foreign exchange Movements	53	23	1	1	78
At 31 December 2016	99,206	11,965	707	32,038	143,916
Accumulated depreciation					
At 1 January 2016	43,411	3,265	202	4,547	51,425
Charge	15,419	1,922	136	2,615	20,092
Disposals	(206)	(60)	(64)	(199)	(529)
Foreign exchange Movements	27	8	-	-	35
At 31 December 2016	58,651	5,135	274	6,963	71,023
Net Book Value					
At 31 December 2016	40,555	6,830	433	25,075	72,893

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 2015	23,168	26,661	90,145	226,840	205,097	571,911
Additions	4,331	-	31,357	-	-	35,688
Assets acquired on business combinations	35,059	16,416	2,177	81,536	261,834	397,022
Impairment of intangible assets	-	-	(1,210)	-	-	(1,210)
Foreign exchange Movements	333	105	41	775	2,282	3,536
As of 31 December, 2015	62,891	43,182	122,510	309,151	469,213	1,006,947
Accumulated amortisation						
As of 1 January 2015	8,674	13,149	44,346	124,597	-	190,766
Provision	5,713	3,930	20,249	35,448	-	65,340
Foreign exchange Movements	(6)	(25)	30	(30)	-	(31)
As of 31 December 2015	14,381	17,054	64,625	160,015	-	256,075
Net Book Value						
As of 31 December 2015	48,510	26,128	57,885	149,136	469,213	750,872
As of 31 December 2014	14,494	13,512	45,799	102,243	205,097	381,145

Patents,	Technology	Development	Customer	Goodwill	Total
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	Domain names & License €'000	IP €'000	costs €'000	List & Affiliates €'000	€'000	€'000
Cost						
As of 1 January 2016	62,891	43,182	122,510	309,151	469,213	1,006,947
Additions	1,305	11,714	35,649	-	-	48,668
Disposals	-	-	-	-	(5,312)	(5,312)
Assets acquired on business combinations	13,536	38,560	-	79,261	158,992	290,349
Impairment of intangible asset	-	-	-	-	(12,335)	(12,335)
Foreign exchange Movements	1,391	527	574	3,344	9,699	15,535
As of 31 December, 2016	79,123	93,983	158,733	391,756	620,257	1,343,852
Accumulated amortisation						
As of 1 January 2016	14,381	17,054	64,625	160,015	-	256,075
Provision	5,901	8,872	22,818	34,273	-	71,864
Foreign exchange Movements	157	167	214	740	-	1,278
As of 31 December 2016	20,439	26,093	87,657	195,028	-	329,217
Net Book Value						
As of 31 December 2016	58,684	67,890	71,076	196,728	620,257	1,014,635

The Group amortisation charge of €75.2 million (2015: €69.9 million) also includes €3.3 million (2015: €4.2 million) in relation to the release of the buyout of reseller agreement (note 17).

In accordance with IAS 36, the Group regularly monitors the carrying value of its intangible assets, including goodwill. Goodwill is allocated to eleven (2015: fourteen) cash generating units ("CGU"). Following the restructure of the Sports division, the previous CGU's of Mobenga, Geneity and other acquisitions were combined to form the Sports CGU in accordance with IAS 36. Management determines which of those CGU's are significant in relation to the total carrying value of goodwill as follows:

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

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

- Markets, with a carrying value of \$265.3, €252.3 million (2015: \$265.3 million, €240.6 million)
- Services, with a carrying value of €100.0 million (2015: €108.6 million);
- BGT, with a carrying value of €88.3 million (2015: nil);
- Quickspin, with a carrying value of €26.8 million (2015: nil);
- CFH, with a carrying value of €23.9 million (2015: nil);
- Casino product, with a carrying value of €34.0 million (2015: €34.0 million); and
- ECM systems, with a carrying value of €9.4 million (2015: nil);

The recoverable amounts of all the CGUs have been determined from value in use calculations based on cash flow projections from formally approved budgets covering one year period to 31 December

2017 in addition to 2-3 years forecasts. Beyond this period, management has applied an annual growth rate of between 2% and 5% based on the underlying economic environment in which the CGU operates. Management has applied a discount rates to the cash flow projections between 11.9% and 13.9% (2015: between 12.0% and 18.4%).

The results of the review indicated that there was an impairment of goodwill of 3 CGU's in a total amount of €12.3 million at 31 December 2016, which has been charged to the income statement. 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 except the above, there was no impairment of the intangible assets at 31 December 2016.

NOTE 13 – INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES & JOINT VENTURES

	2016	2015
	€'000	€'000
Investment in joint ventures comprise:		
A. Investment in International Terminal Leasing	2,091	3,388
Investment in equity accounted associates:		
B. Investment in associates	11,612	17,254
C. Investment in structured agreements	25,323	31,136
	39,026	51,778

A. Investment in International Terminal Leasing

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

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

The Group received a return on investments of €1.4 million during the year (2015: €2.4 million).

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

	€'000
Investment in joint venture at 1 January 2016	3,388
Share of profit in joint venture	146

Return of investment	(1,443)
Investment in joint venture at 31 December 2016	<u>2,091</u>

B. Investment in associates

Investment in BGO

In August 2014, the Group acquired 33.33% of the shares of BGO Limited for a total consideration of £10 million (€12.5 million). In 2015 the Group invested additional £0.7 million (€0.9 million).

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

Other individually immaterial investments

During the year the Group paid €0.2 million additional consideration to non-controlling investments acquired in previous years (2015: €6.6 million and €0.3 million additional consideration to non-controlling investments).

Total associates:

	€'000
Investment in associates at 1 January 2016	17,254
Investment in associates in the year	220
Investment in associate acquired on business combination	5
Share of loss	(693)
Impairment of investment in associate	(1,586)
Subsidiary acquired in steps (note 26e)	(3,588)
Investment in associates at 31 December 2016	<u>11,612</u>

Aggregated amounts relating to BGO Limited are as follows:

	2016	2015
	€'000	€'000
Total non-current assets	77	328
Total current assets	5,958	8,544
Total non-current liabilities	(3,521)	-
Total current liabilities	(4,475)	(7,662)
Revenues	40,609	33,974

Loss	(3,484)	(15,437)
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C. Investment in structured agreements

During the year the Group entered into two new structured agreements (2015: three structured agreements), which include agreements covering software licensing and services provisions with nil initial investment cost and invested additional €1.4 million in existing agreement (2015: three agreements of a total cash investment of €8.9 million and additional €9.3 million invested in existing agreements). These structured agreements are individually immaterial.

Movement in structured agreements:

	€'000
Investment in structured agreements at 1 January 2016	31,136
Investment in structured agreements in the year	1,481
Return on investment in structured agreement	(401)
Disposal of investment in Ladbrokes agreements	(6,893)
Investment in structured agreements at 31 December 2016	25,323

Ladbrokes software and services agreement

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

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

On 27 July 2015, the Group agreed to an early settlement of its marketing services subject to the completion of the merger between Ladbrokes and Coral.

On 1 November 2016, the merger was completed. The Group received €44.5 million (£40 million) satisfied by way of the issue of shares in Ladbrokes Coral plc. A further £35 million in cash is to be received upon delivery of key operational milestones by the Group but, in any event, within 42 months following completion of the merger.

Upon completion the Group disposed of the investments relating to the Ladbrokes software and services agreements. Profit on disposal is calculated as follows:

Income from Ladbrokes

	€'000
Ladbrokes Coral plc shares fair value as at 1 November 2016	44,477
Present value of cash receivable (using a 5.0% discount rate)	38,100
Cost related to the software and services agreement	(9,639)
Disposal of investment in associate	(6,893)
Profit on disposal of investment of associate	66,045
Impairment of investment in associate (note 13b)	(1,586)
Net profit on disposal of investment of associate	64,459

NOTE 14 – AVAILABLE-FOR-SALE INVESTMENTS

	2016	2015
	€'000	€'000
Investment in available-for-sale investments at 1 January	237,100	24,219
Investment in the year (Note 13c)	44,477	209,797
Unrealised valuation movement recognised in equity	(53,868)	1,160
Foreign exchange Movements	2,569	1,924
Investment in available-for-sale investments at 31 December	230,278	237,100

	2016	2015
	€'000	€'000
Available-for-sale financial assets include the following:		
Quoted:		
Equity securities – UK	225,280	226,015
Equity securities – Asia	4,998	11,085
	230,278	237,100

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

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

NOTE 15 – OTHER NON-CURRENT ASSETS

	2016	2015
	€'000	€'000
Loans to customers	7,293	7,199
Loan to affiliate	4,382	2,825
Rent and car lease deposits	3,758	3,312
Guarantee for gaming licenses	2,000	2,000
Related parties (Note 28)	5,050	3,561
Deferred tax	2,025	-
Non-current prepayments	740	766
Other	1,613	1,167
	26,861	20,830

NOTE 16 – TRADE RECEIVABLES

	2016	2015
	€'000	€'000
Customers	71,506	72,341
Related parties (Note 28)	2,238	2,291
	73,744	74,632

NOTE 17 – OTHER RECEIVABLES

	2016	2015
	€'000	€'000
Prepaid expenses	17,054	14,340
VAT and other taxes	9,675	6,785
Advances to suppliers	2,141	380
Buyout of reseller agreement	-	3,308
Proceeds from disposal of investment (note 13c)	39,865	-
Related parties (Note 28)	228	-
Other receivables	5,003	2,993
	73,966	27,806

NOTE 18 – CASH AND CASH EQUIVALENTS

	2016	2015
	€'000	€'000
Cash at bank	409,158	501,336
Deposits	135,685	356,562
	<u>544,843</u>	<u>857,898</u>

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

	2016	2015
	€'000	€'000
Funds attributed to jackpots	31,589	30,886
Security deposits	15,172	32,454
Client deposits	76,229	-
Client funds	29,863	43,761
	<u>152,853</u>	<u>107,101</u>

NOTE 19 – SHAREHOLDERS' EQUITY

A. Share Capital

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

	2016	2015
	Number of Shares	Number of Shares
Authorised*	N/A	N/A
Issued and paid up	317,344,603	322,624,603

* 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.

In 2015 the Group issued 29,050,000 shares of no par value.

In 2016 the Group has cancelled 5,280,000 shares as part of share buy back for a total consideration of €49,829,000.

B. Employee Benefit Trust

In 2014 the Group established an Employee Benefit Trust by acquiring 5,517,241 shares for a total consideration of €48.5 million. During the year 244,416 shares (2015: 855,749) were issued as a settlement for employee share option exercises with a cost of €2.1 million (2015: €8.7 million), and as of 31 December 2016, a balance of 3,035,673 (2015: 3,280,089) shares remains in the trust with a cost of €25.4 million (2015: €27.5 million).

C. Share options exercised

During the year 258,477 (2015: 81,986) share options were exercised. The Group cash-settled 14,061 share options during the year (2015: nil).

D. Distribution of Dividend

In May and June 2016, the Group distributed €60,810,670 as a final dividend for the year ended 31 December 2015 (18.9 € cents per share).

In October 2016, the Group distributed €35,274,873 as an interim dividend in respect of the period ended 30 June 2016 (11.0 € cents per share).

In December 2016, the Group distributed €149,648,301 as special dividend (46.0 € cents per share).

E. Reserves

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

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

NOTE 20 – LOANS AND BORROWINGS

The loan balance as of 31 December 2016 is €200 million (2015: €200 million). The loan is a revolving credit facility available until July 2018. Interest payable on the loan is based on a margin on Euro Libor rates.

NOTE 21 – CONVERTIBLE BONDS

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

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

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

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

The fair value of the liability component, which is immateriality different to the amortised cost, of the Bonds (including accrued interest) at 31 December 2016 amounted to €266.2 million (2015: €256.4 million), which was calculated using cash flow projections discounted at 4%.

The fair value at inception of the equity component of the bonds at 31 December 2016 was €45.4 million (2015: €45.4 million).

NOTE 22 –CONTINGENT CONSIDERATION AND REDEMPTION LIABILITIES

	2016	2015
	€'000	€'000
Non-Current contingent consideration consists:		
Acquisition of Markets Limited (Note 27b)	139,133	138,196
Acquisition of Quickspin AB (Note 26a)	24,143	-
Acquisition of Patelle Limited (Note 26b)	4,792	-
Other acquisitions (Note 27c)	1,645	3,151
	<u>169,713</u>	<u>141,347</u>

Non-Current redemption liability consists:

Acquisition of Consolidated Financial Holdings A/S (Note 26d)	17,102	-
Acquisition of Patelle Limited (Note 26b)	16,593	-
Acquisition of ECM Systems Holdings Limited (Note 26c)	1,142	-
	<hr/> 34,837	<hr/> -
Total Non-Current contingent consideration and redemption liability	<hr/> 204,550	<hr/> 141,347

Current contingent consideration consists:

Acquisition of ECM Systems Holdings Limited (Note 26c)	3,061	-
Acquisition of Consolidated Financial Holdings A/S (Note 26d)	336	-
Acquisition of Yoyo Games Limited (Note 27a)	-	2,036
Other acquisitions (Note 27c)	1,180	2,455
	<hr/> 4,577	<hr/> 4,491

NOTE 23 – TRADE PAYABLES

	2016	2015
	€'000	€'000
Suppliers	23,235	14,907
Customer liabilities	3,932	1,292
Related parties (Note 28)	573	200
Other	431	1,012
	<hr/> 28,171	<hr/> 17,411

NOTE 24 – DEFERRED TAX LIABILITY

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

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

	2016	2015
	€'000	€'000
At the beginning of the year	14,049	4,904

Arising on the acquisitions during the year (Note 26)	29,743	11,258
Reversal of temporary differences, recognised in the consolidated statement of comprehensive income (Note 8)	(3,349)	(2,113)
	40,443	14,049

NOTE 25 – OTHER PAYABLES

	2016	2015
	€'000	€'000
Payroll and related expenses	37,626	35,147
Accrued expenses	16,328	15,955
Related parties (Note 28)	1,309	353
Other payables	3,173	4,600
	58,436	56,055

NOTE 26 – ACQUISITIONS DURING THE YEAR

A. Acquisition of Quickspin AB

On 24 May 2016, the Group acquired 100% of the shares of Quickspin AB (“Quickspin”). Quickspin is a Swedish games studio that develops and supplies high quality video slots to operators, both in online real money gambling as well as in the social gaming market.

The Group paid total cash consideration of €24.5 million (SEK 228.4 million) and additional consideration capped at €26.0 million (SEK 242.9 million) in cash will be payable subject to achieving target EBITDA.

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

	Fair value on acquisition
	€'000
Property, plant and equipment	123
Intangible assets	26,996
Trade and other receivables	1,249
Cash and cash equivalent	535
Trade payables	(935)

Deferred tax liability	(6,074)
Net identified assets	21,894
Goodwill	26,802
Fair value of consideration	48,696
	€'000
Cash consideration	24,461
Non-current contingent consideration	26,019
Finance cost arising on discounting of contingent consideration	(1,784)
Fair value of consideration	48,696
Cash purchased	(535)
Net cash payable	48,161

Adjustments to fair value include the following:

	Amount	Amortisation
	€'000	%
Customer relationship	18,645	6.7
IP Technology	5,499	20
Brand	2,852	16.7

The main factor leading to the recognition of goodwill is the time to market benefit, large pipeline of operators, revenue stream from new games and new licensees and assembled work force with vast experience in the virtual slot machines games. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in Quickspin.

The key assumptions used by management to determine the value in use of the Customer relationship and Brand within Quickspin are as follows:

- The relief from royalty approach
 - The royalty rate was based on a third party market participant assumption for the use of the Customer relationship and Brand.
 - The discount rate assumed is equivalent to the WACC for the Customer relationship and Brand.
 - The growth rates and attrition rates were based on market analysis.
- The key assumptions used by management to determine the value in use of the IP Technology within Quickspin are as follows:
- The with and without model, taking into account the time and additional expenses required to recreate the IP Technology and the level of lost cash flows in the period.
 - The discount rate assumed is equivalent to the WACC for the IP Technology.
 - The growth rates and attrition rates were based on market analysis.

Management has not disclosed Quickspin contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2016 been disclosed, because the amounts are not material.

B. Acquisition of Patelle Limited

On 13 July 2016, the Group acquired 90% of the shares of Patelle Limited. Patelle owns 100% of Best Gaming Technology GmbH ("BGT"). BGT is an Austrian leading provider of sports betting software and solutions for gaming and sports betting operators. The remaining 10% of the shares are held by the founder and CEO of BGT.

The Group paid total cash consideration of €138.5 million.

The Group has a call option to purchase the remaining 10% of BGT at a valuation of 6 times 2019 EBITDA capped at €55.0 million. The founder and CEO of BGT have certain put options over his 10% holding at the same valuation. The fair value of this option was recognised as non current liability and reflected in the Groups' statement of changes in equity. The fair value as of 31 December 2016 was €16.6 million.

The founder and CEO of BGT may also be entitled to an additional payment of €5.0 million subject to the achievement of certain operational milestones.

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

	Fair value on acquisition
	€'000
Property, plant and equipment	11,832
Intangible assets	64,815
Trade and other receivables	11,150
Cash and cash equivalent	5,698
Trade and other payables	(16,331)
Deferred tax liability	(16,141)
Non-controlling interest	(6,102)
Net identified assets	<u>54,921</u>
Goodwill	<u>88,283</u>
Fair value of consideration	<u>143,204</u>

	€'000
Cash consideration	138,490
Non-current contingent consideration	5,000
Finance cost arising on discounting of contingent consideration	(286)
Fair value of consideration	143,204
Cash purchased	(5,698)
Net cash payable	137,506

Adjustments to fair value include the following:

	Amount	Amortisation
	€'000	%
Customer relationship	39,503	6.7
IP Technology	16,883	20
Brand	8,177	10
Other	252	20

The main factor leading to the recognition of goodwill is the time to market benefit, revenue stream from newly developed terminals and assembled work force with vast experience in Sports Betting Terminals (“SSBT”) sector. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in BGT.

The key assumptions used by management to determine the value in use of the Customer relationship, IP Technology and Brand within BGT are as follows:

- The relief from royalty approach.
- The royalty rate was based on a third party market participant assumption for the use of the Customer relationship and Brand.
- The discount rate assumed is equivalent to the WACC for the Customer relationship, IP technology and Brand.
- The growth rates and attrition rates were based on market analysis.

Since the acquisition date, BGT has contributed €25.0 million to the Group revenue, €8.9 million to the adjusted EBITDA and €5.0 million to the adjusted net profit. The combined Group revenue as if BGT acquisition had occurred on 1 January 2016 would have been higher by €29.0 million, the combined Group adjusted EBITDA and adjusted net profit would have been higher by €10.5 million and €4.0 million.

C. Acquisition of ECM Systems Holdings Ltd

On 20 October 2016, the Group acquired 90% of the shares of ECM Systems Holdings Limited (“ECM”). ECM is a bingo software and hardware solutions provider to the UK retail bingo market. The remaining 10% of the shares are held by the founder and CEO of ECM.

The Group paid total cash consideration of €25.0 million (£22.4 million). The company will pay €3.1 million (£2.7 million) as additional working capital adjustment in the beginning of 2017.

The Group has a call option to purchase the remaining 10% of ECM at a valuation of 6 times 2019 EBITDA capped at £1.1 million (€1.2 million). The CEO of ECM have certain put options over his 10% holding at the same valuation. The fair value of this option was recognised as non current liability and reflected in the Groups' statement of changes in equity. The fair value as of 31 December 2016 was €1.1 million. The Group paid to an escrow account the fair value of the option.

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

	Fair value on acquisition
	€'000
Property, plant and equipment	2,127
Intangible assets	8,713
Trade and other receivables	1,354
Cash and cash equivalent	12,133
Trade and other payables	(1,852)
Deferred tax liability	(1,742)
Minority	(2,071)
Net identified assets	<u>18,662</u>
Goodwill	<u>9,437</u>
Fair value of consideration	<u>28,099</u>
	€'000
Cash consideration	<u>25,038</u>
Current deferred consideration	<u>3,061</u>
Fair value of consideration	<u>28,099</u>
Cash purchased	<u>(12,133)</u>
Net cash payable	<u>15,966</u>

Adjustments to fair value include the following:

	Amount	Amortisation
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	€'000	%
Customer relationship	5,290	10
IP Technology	2,273	12.5
Brand	1,150	10

The main factor leading to the recognition of goodwill is the substantial market presence and business reputation. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in ECM.

The key assumptions used by management to determine the value in use of the Customer relationship, IP Technology and Brand within ECM are as follows:

- The relief from royalty approach.
- The royalty rate was based on a third party market participant assumption for the use of the Customer relationship and Brand.
- The discount rate assumed is equivalent to the WACC for the Customer relationship, IP technology and Brand.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed ECM contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2016 been disclosed, because the amounts are not material.

D. Acquisition of Consolidated Financial Holdings A/S

On 30 November 2016, the Group acquired 70% of the shares of Consolidated Financial Holdings A/S ("CFH"). CFH is a technology company with products including a Straight Through Processing brokerage which provides retail brokers with multi-asset execution, prime brokerage services, liquidity and complementary risk management tools. The remaining 30% of the shares are held by the founder and CEO of ECM.

The Group paid total cash consideration of €38.6 million (\$41.0 million). The company will pay €0.3 million (\$0.3 million) as additional working capital adjustment in the beginning of 2017.

The Group has a call option to purchase the remaining 30% of CFH at a valuation of 6 times 2018 EBITDA capped at a total consideration of \$76.6 million less the initial consideration. The founder and CEO of CFH have certain put options over his 30% holding at the same valuation. The fair value of this option was recognised as a non current liability and reflected in the Groups' statement of changes in equity. The fair value as of 31 December 2016 was €16.9 million.

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

Fair value on

	acquisition
	€'000
Property, plant and equipment	214
Intangible assets	26,446
Trade and other receivables	3,338
Cash and cash equivalent	80,463
Trade and other payables	(6,364)
Client funds	(76,952)
Deferred tax liability	(5,246)
Non controlling interest	(6,570)
Net identified assets	15,329
Goodwill	23,927
Fair value of consideration	39,256
	€'000
Cash consideration	38,927
Current contingent consideration	329
Fair value of consideration	39,256
Cash purchased	(80,463)
Net cash payable	(41,207)

Adjustments to fair value include the following:

	Amount	Amortisation
	€'000	%
Customer relationship	14,322	10
IP Technology	11,019	10-14.3
Brand	1,105	10

The main factor leading to the recognition of goodwill is the substantial market presence and business reputation. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in CFH.

The key assumptions used by management to determine the value in use of the Customer relationship, IP Technology and Brand within CFH are as follows:

- The relief from royalty approach.
- The royalty rate was based on a third party market participant assumption for the use of the Customer relationship and Brand.
- The discount rate assumed is equivalent to the WACC for the Customer relationship, IP technology and Brand.
- The growth rates and attrition rates were based on market analysis.

Management has not disclosed CFH contribution to the Group profit since the acquisition nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2016 been disclosed, because the amounts are not material.

E. Other acquisitions

During the period, the Group acquired the shares of various companies for a total consideration of €13.1 million. One of these subsidiaries was acquired in steps, with previous consideration of €2.4 million paid to acquire the previously recognized associate.

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

	Fair value on acquisition
	€000
Property, plant and equipment	1,189
Intangible assets	4,387
Trade and other receivables	683
Cash and cash equivalent	1,415
Trade and other payables	(4,989)
Deferred tax liability	(94)
Net identified assets	<u>2,591</u>
Goodwill	<u>10,543</u>
Total fair value of consideration	<u>13,134</u>
	<u>€'000</u>
Cash consideration	<u>9,545</u>
Conversion of previously recognized associate	<u>3,589</u>
Fair value of consideration	<u>13,134</u>
Cash purchased	<u>(1,415)</u>
Net cash payable	<u>11,719</u>

Adjustments to fair value include the following:

	Amount	Amortisation
	€'000	%
Customer relationship	1,501	6.7-10
IP Technology	2,886	20-33.33

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

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

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

Management has not disclosed other acquisitions contribution to the Group profit since these acquisitions nor has the impact the acquisition would have had on the Group's revenue and profits if it had occurred on 1 January 2016 been disclosed, because the amounts are not material.

NOTE 27 – ACQUISITIONS IN PRIOR YEAR

A. Acquisition of Yoyo Games Limited

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

The Group paid total cash consideration of €14.4 million (\$16.4 million) and additional consideration capped at €2.2 million (\$2.5 million), of which €1.8 million was paid in current year.

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

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

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

The Group paid total cash consideration of €208 million, and additional consideration capped at €250 million in cash will be payable subject to achieving target EBITDA (note 22).

C. Other acquisitions

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

NOTE 28 – RELATED PARTIES AND SHAREHOLDERS

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

Skywind Holdings Limited ("Skywind"), SafeCharge Limited, Crossrider Technologies Ltd ("Crossrider"), Royalfield Limited, Easydock Investments Ltd. ("Easydock"), Selfmade Holdings, Glispa GmbH, Anise Development Limited and Anise Residential Limited (together "Anise") and Telesphere Services Ltd (note 27b) are related by virtue of a common significant shareholder.

Joint venture and the structured agreements are associates of the Group by virtue of the Group's significant influence over those arrangements.

The following transactions arose with related parties:

	2016	2015
	€'000	€'000
Revenue including revenue from associates		
Skywind	1,683	1,562
Structured agreements and associates	12,904	35,531
Share of profit in joint venture	146	229
Share of loss in associates	(693)	(5,856)
Operating expenses/(credit)		
SafeCharge Limited	6,150	6,674
Crossrider	2,615	2,472
Structured agreements	1,309	1,910
Anise	1,037	1,174

Skywind, net of capitalised cost	82	3,438
Glispa GmbH	28	6
Selfmade Holdings	11	52
Royalfield Limited	4	(272)
Easydock	1	358
PT Games	-	220

Interest payable

Niceidea	-	46
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The following are year-end balances:

Intangible assets

Skywind	4,128	1,037
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Cash and cash equivalent

Safecharge Limited	2,968	5,341
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Niceidea	-	1,596
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Structured agreements and associates	5,050	1,965
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Total non-current related party receivables	5,050	3,561
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Structured agreements and associates	1,971	1,435
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Skywind	267	582
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Crossrider	228	266
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PT Games Limited	-	8
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Total current related party receivables	2,466	2,291
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SafeCharge Limited	200	200
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Structured agreements	1,682	353
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Total related party payables	1,882	553
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Following Hilary Stewart-Jones stepping down from the board on 1 January 2016, Niceidea and PT Games are no longer related parties.

On 31 December 2016, Brickington held 21.93% (31 December 2015: 33.61%) of Playtech plc shares.

Mr. Teddy Sagi, the ultimate beneficiary of a trust that owns Brickington, provides advisory services to the Group for a total annual consideration of €1. Brickington ceased to be a controlling shareholder as defined under the listing rules when its holding fell below 25%. The relationship agreement remains in place, all transactions with the controlling shareholder or their associates were made at an arms length.

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

NOTE 29 – SUBSIDIARIES

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

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Playtech Software Limited	British Virgin Islands	100%	Main trading company of the Group, owns the intellectual property rights and licenses the software to customers.
OU Playtech (Estonia)	Estonia	100%	Designs, develops and manufactures online software
Techplay Marketing Limited	Israel	100%	Marketing and advertising
Video B Holding Limited	British Virgin Islands	100%	Trading company for the Videobet software, owns the intellectual property rights of Videobet and licenses it to customers.
OU Videobet	Estonia	100%	Develops software for fixed odds betting terminals and casino machines (as opposed to online software)
Playtech Bulgaria	Bulgaria	100%	Designs, develops and manufactures online software
PTVB Management Limited	Isle of Man	100%	Management
Evermore Trading Limited	British Virgin Islands	100%	Holding company
Playtech Services (Cyprus) Limited	Cyprus	100%	Activates the ipoker Network in regulated markets. Owns the intellectual property of GTS, Ash and Geneity businesses
VB (Video) Cyprus Limited	Cyprus	100%	Trading company for the Videobet product to Romanian companies

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Techplay S.A. Software Limited	Israel	100%	Develops online software
Technology Trading IOM Limited	Isle of Man	100%	Owns the intellectual property rights of Virtue Fusion business
Gaming Technology Solutions Limited	UK	100%	Holding company of VS Gaming and VS Technology
VS Gaming Limited	UK	100%	Develops software and casino games
VS Technology Limited	UK	100%	Develops EdGE platform
Virtue Fusion (Alderney) Limited	Alderney	100%	Online bingo and casino software provider
Virtue Fusion CM Limited	UK	100%	Chat moderation services provider to end users of VF licensees
Playtech Software (Alderney) Limited	Alderney	100%	To hold the company's Alderney Gaming license
Intelligent Gaming Systems Limited	UK	100%	Casino management systems to land based businesses
VF 2011 Limited	Alderney	100%	Holds license in Alderney for online gaming
PT Turnkey Services Limited	British Virgin Islands	100%	Holding company of the Turnkey Services group
PT Turnkey EU Services Limited	Cyprus	100%	Turnkey services for EU online gaming operators
PT Entertentimiento Online EAD	Bulgaria	100%	Poker & Bingo network for Spain
PT Marketing Services Limited	British Virgin Islands	100%	Marketing services to online gaming operators
PT Operational Services Limited	British Virgin Islands	100%	Operational & hosting services to online gaming operators
Tech Hosting Limited	Alderney	100%	Alderney Hosting services
Paragon International Customer Care Limited	British Virgin Island & branch office in the Philippines	100%	English Customer support, chat, fraud, finance, dedicated employees services to parent company
CSMS Limited	Bulgaria	100%	Consulting and online technical support, data mining processing and advertising services to parent company

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
TCSP Limited	Serbia	100%	Operational services for Serbia
S-Tech Limited	British Virgin Islands & branch office in the Philippines	100%	Live games services to Asia
PT Advisory Services Limited	British Virgin Islands	100%	Holds PT processing Advisory Ltd
PT Processing Advisory Limited	British Virgin Islands	100%	Advisory services for processing & cashier to online gaming operators
PT Processing EU Advisory Limited	Cyprus	100%	Advisory services for processing & cashier for EU online gaming operators
PT Network Management Limited	British Virgin Islands	100%	Manages the ipoker network
Playtech Mobile (Cyprus) Limited	Cyprus	100%	Holds the IP of Mobenga AB
Playtech Holding Sweden AB Limited	Sweden	100%	Holding company of Mobenga AB
Mobenga AB Limited	Sweden	100%	Mobile sportsbook betting platform developer
Ash Gaming Limited	UK	100%	Develops interactive gambling and betting games
Geneity Limited	UK	100%	Develops Sportsbook and Lottery software
Factime Limited	Cyprus	100%	Holding company of Juego
Juego Online EAD	Bulgaria	100%	Gaming operator. Holds a license in Spain.
PlayLot Limited	British Virgin Islands	100%	Distributing lottery software
PokerStrategy Ltd.	Gibraltar	100%	Operates poker community business
Videobet Interactive Sweden AB	Sweden	100%	Trading company for the Aristocrat Lotteries VLT's
V.B. Video (Italia) S.r.l.	Italy	100%	Trading company for the Aristocrat Lotteries VLT's
PT Entertainment Services LTD	Antigua	100%	Holding gaming license in the UK

Name	Country of incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Markets Limited	British Virgin Islands	95.256%	Owns the intellectual property rights and marketing and technology contracts of the financial division
Safecap Limited	Cyprus	95.256%	Primary trading company of the financial division. Licensed investment firm and regulated by Cysec
TradeFXIL limited	Israel	95.256%	Financial division sales, client retention, R&D and marketing
ICCS BG	Bulgaria	95.256%	Financial division back office customer support
Stronglogic Services Limited	Cyprus	95.256%	Maintains the financial division marketing function for EU operations
Yoyo Games Limited	UK	100%	Casual game development technology
Quickspin AB	Sweden	70%	Owns video slots intellectual property
Best Gaming Technology GmbH	Austria	90%	Owns sports betting intellectual property solutions and primary trading company for sports betting
ECM Systems Holdings Ltd	UK	90%	Owns bingo software intellectual property and bingo hardware
Consolidated Financial Holdings AS	Denmark	70%	Owns the intellectual property which provides brokerage services, liquidity and risk management tool
CFH Clearing Limited	UK	70%	Primary trading company of CFH Group

NOTE 30 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

credit risk and market price risk, which include interest rate risk, currency risk and equity price risk. The risk management policies employed by the Group to manage these risks are discussed below.

A. Market risk

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

Exposure to market risk

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

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

Interest rate risk

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

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

During the year the group advanced loans to affiliates and customers for a total amount of €5.5 million (2015: €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 €55 thousands.

B. Credit risk

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

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

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

Wherever possible and commercially practical the Group invests cash with major financial institutions that have a rating of at least A- as defined by Standard & Poors. While the majority of money is held in line with the above policy, a small amount is held at various institutions with no rating. The Group also holds small deposits in Cypriot and Spanish financial institutions, as required by the respective gaming regulators that have a rating below A-. The Group holds approximately 4% of its funds (2015: 2%) in financial institutions below A- rate and 2% in payment methods with no rating (2015:3%).

	Total	Financial institutions with A- and above rating	Financial institutions below A- rating and no rating
	€'000	€'000	€'000
At 31 December 2016	544,843	476,904	67,939
At 31 December 2015	857,898	813,164	44,734

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

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

	Total	Not past due	1-2 months overdue	More than 2 months past due
	€'000	€'000	€'000	€'000
At 31 December 2016	73,744	55,928	5,325	12,491
At 31 December 2015	74,632	47,945	12,849	13,838

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

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

	2016	2015
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	€'000	€'000
Provision at the beginning of the year	86	908
Charged to income statement	795	-
Provision acquired through business combination	404	-
Utilised	(153)	(822)
Provision at end of year	1,132	86

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

C. Currency risk

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

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

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

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

D. Equity price risk

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

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

The Group's balance sheet at 31 December 2016 includes available-for-sale investments with a value of €230.3 million (2015: €237.1 million) which are subject to fluctuations in the underlying share price.

A change of 1% in shares price will have an impact of €2.3 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.

F. Liquidity risk

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

Financial division liquidity risk

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

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

	2016	2015
	€'000	€'000
Client deposits	46,581	64,875
Open positions	(16,897)	(21,114)
Client funds	29,864	43,761

CFH trades on a matched principal basis and financial instruments are used to hedge all client positions. The management of market risk in respect of matching of derivatives is through automated tools, together with active monitoring and management by senior personnel under the supervision of its directors. CFH's liquidity obligations are monitored daily and it is adequately capitalised with a steady revenue stream to meet its day to day obligations. CFH client deposits balance as at 31 December 2016 was €76.2 million.

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

	Total	Within 1 year	1-2 years	2-5 years
	€'000	€'000	€'000	€'000

	Total	Within 1 year	1-2 years	2-5 years
	€'000	€'000	€'000	€'000
2016				
Trade payables	28,171	28,171	-	-
Other accounts payable	58,436	58,436	-	-
Loans and borrowings	200,000	-	200,000	-
Progressive and other operators' jackpots	46,759	46,759	-	-
Client funds	106,092	106,092	-	-
Contingent consideration and redemption liability	209,127	4,577	204,550	-
Other non-current liabilities	1,627	-	-	1,627
2015				
Trade payables	17,411	17,411	-	-
Other accounts payable	56,055	56,055	-	-
Loans and borrowings	200,000	-	-	200,000
Progressive and other operators' jackpots	63,340	63,340	-	-
Client funds	43,761	43,761	-	-
Contingent consideration	145,838	4,491	141,347	-
Other non-current liabilities	1,175	-	-	1,175

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:

	2016	2016	2015	2015
	€'000	€'000	€'000	€'000
	Fair Value	Carrying amount	Fair Value	Carrying Amount
Cash and cash equivalent	544,843	544,843	857,898	857,898
Available-for-sale investments	230,278	230,278	237,100	237,100
Other assets	174,571	174,571	123,268	123,268

Deferred and contingent consideration and redemption liability	209,127	209,127	145,838	145,838
Convertible bonds	266,230	266,230	256,429	256,429
Loans and borrowings	200,000	200,000	200,000	200,000
Other liabilities	148,319	148,319	102,190	102,190

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

NOTE 31 – CONTINGENT LIABILITIES

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

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

NOTE 32 – OPERATING LEASE COMMITMENT

The Group has a variety of leased properties. The terms of property leases vary from country to country, although they tend to be tenant repairing with rent reviews every 2 to 5 years and many have break clauses. Total operating lease cost in the year was €14.7 million (2015: €13.8 million).

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

	2016	2015
	€'000	€'000
Not later than one year	15,257	15,846
Later than one year and not later than five years	38,470	44,001
Later than five years	1,249	8,370
	<u>54,976</u>	<u>68,217</u>

NOTE 33 – POST BALANCE SHEET EVENTS

Acquisition of Eyecon Pty. Ltd

On 7 February 2017, the Group acquired 100% of the shares of Eyecon Pty. Ltd (“Eyecon”), a specialist supplier of online gaming slots software.

The Group paid in cash £25.0 million and additional consideration of up to £25.0 million, is payable in cash subject to achieving target EBITDA.

As of the approval date of the financial statements by the board and due to the proximity to the reporting date, 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 statement.