

Company Registration No. 5425266 (England and Wales)

GAMING TECHNOLOGY SOLUTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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GAMING TECHNOLOGY SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	A Ambrose D Phillips
Secretary	B Moore
Company number	5425266
Registered office	Fourth Floor 61 Southwark Street London SE1 OHL
Auditor	BDO LLP 55 Baker Street London W1U 7EU
Auxiliary business addresses	2nd Floor Waterfront House Wherry Quay Ipswich Suffolk IP4 1AS 10 Jamestown Road Camden London NW1 7BY

GAMING TECHNOLOGY SOLUTIONS LIMITED

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GAMING TECHNOLOGY SOLUTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

The principal activity of the company is the provider of development services for the gaming industry. Its principal customers are members of the Playtech Group, of which the Company is also a member.

Review of the business

On 1 January 2016 the Company acquired the operations from its wholly owned subsidiaries, VS Gaming Limited and VS Technology Limited, by way of an accounting hive up as part of a group simplification process. As a result of this, the Company recognised one off impairment losses of £2.1m and income from subsidiaries of £1.2m.

The key financial performance indicators used by the Board to monitor the financial performance of the company and its results for 2016 are as follows:

Costs increased by 29% from £15.7m to £20.2m, primarily due to the increased operations in the Company. The main increase related to employee costs as included in note 5. As a result, turnover increased from £17.4m to £24.8m, growth of 43%.

The above increased operations resulted in an increase in profit before tax to £3.4m, compared to profit before tax in 2015 of £1.7m.

The Company ended the year with net assets of £8.1m (2015 - £5.8m) which included net current assets of £6.1m (2015 - £1.6m). Cash at the reporting date totalled £2.3m (2015 - £0.9m).

The Board also uses non financial performance indicators such as headcount to ensure staff levels remain at the optimum level to maximise performance.

Principal risks and activities

The principal risks and uncertainties of the company are very similar to those disclosed in the annual report of Playtech PLC for the year ended 31 December 2016.

Future developments

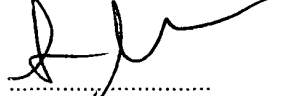
The Directors anticipate the Company will continue its current operations and performance for the Playtech Group. There have been no post balance sheet events.

Employee involvement

The company continues to inform staff of developments affecting the company's business performance and changes planned via a range of communications which include a regular newsletter, regular briefing sessions, bulletins and announcements on notice boards. In addition the company has a fully functioning Employee Consultation Forum with employee representatives from across the company.

It is company policy to give full and fair consideration to the applications for employment made by disabled persons taking into consideration their abilities, skills and aptitudes. These employees receive appropriate training and development to enable them to achieve their career potential within the company. All new building work is designed to cater for the needs of these employees.

On behalf of the board



A Ambrose

Director

28/09/2017

GAMING TECHNOLOGY SOLUTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend a final dividend for the year (2015 - £nil).

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A Ambrose

A Porter

D Phillips

(Resigned 2 January 2016)

(Appointed 2 January 2016)

Financial instruments

Financial risk management

The company makes little use of financial instruments other than operational bank accounts. Hence its exposure to price, credit, counterparty and liquidity risks is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company.

Auditor

In accordance with the company's articles, a resolution proposing that BDO LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GAMING TECHNOLOGY SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

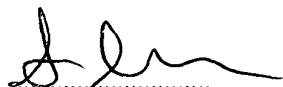
Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



A Ambrose

Director

28/09/2017

GAMING TECHNOLOGY SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GAMING TECHNOLOGY SOLUTIONS LIMITED

We have audited the financial statements of Gaming Technology Solutions Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement Of Financial Position, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the strategic report and directors' report has been prepared in accordance with applicable legal requirements

GAMING TECHNOLOGY SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

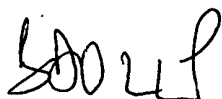
TO THE MEMBERS OF GAMING TECHNOLOGY SOLUTIONS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Matthew White (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
London
United Kingdom

28 September 2017

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

GAMING TECHNOLOGY SOLUTIONS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Revenue	2	24,826,529	17,393,358
Cost of sales		(304,860)	(22,918)
Gross profit		24,521,669	17,370,440
Administrative expenses		(20,199,224)	(15,712,669)
Operating profit	3	4,322,445	1,657,771
Impairment losses	11	(2,127,125)	-
Investment income	7	1,189,491	-
Interest payable and similar charges		(1,843)	-
Profit before taxation		3,382,968	1,657,771
Tax on profit on ordinary activities	8	(1,258,552)	(443,500)
Profit for the financial year		2,124,416	1,214,271
Total comprehensive income for the year attributable to owners		2,124,416	1,214,271

GAMING TECHNOLOGY SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Fixed assets			
Intangible assets	9	-	3,061
Property, plant and equipment	10	2,059,395	2,152,533
Investments	11	-	2,127,125
		<u>2,059,395</u>	<u>4,282,719</u>
Current assets			
Trade and other receivables	13	10,386,644	28,673,226
Cash at bank and in hand		2,288,078	899,915
		<u>12,674,722</u>	<u>29,573,141</u>
Current liabilities			
Trade and other payables	14	6,585,963	28,010,796
Net current assets		<u>6,088,759</u>	<u>1,562,345</u>
Net assets		<u>8,148,154</u>	<u>5,845,064</u>

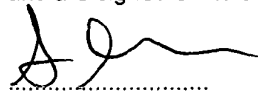
GAMING TECHNOLOGY SOLUTIONS LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
Equity			
Called up share capital	18	2,250,005	2,250,005
Share premium account		130,273	130,273
Other reserves		616,416	437,742
Retained earnings		5,151,460	3,027,044
Total equity		<u>8,148,154</u>	<u>5,845,064</u>

The financial statements were approved by the board of directors and authorised for issue on 29/01/2017 and are signed on its behalf by:



A Ambrose
Director

Company Registration No. 5425266

GAMING TECHNOLOGY SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital £	Share premium account £	Other reserves £	Retained earnings £	Total £
Balance at 1 January 2015		2,250,005	130,273	387,019	1,812,773	4,580,070
Year ended 31 December 2015:						
Profit and total comprehensive income for the year		-	-	-	1,214,271	1,214,271
Share based payment transactions		-	-	50,723	-	50,723
Balance at 31 December 2015		2,250,005	130,273	437,742	3,027,044	5,845,064
Year ended 31 December 2016:						
Profit and total comprehensive income for the year		-	-	-	2,124,416	2,124,416
Share based payment transactions		-	-	178,674	-	178,674
Balance at 31 December 2016		2,250,005	130,273	616,416	5,151,460	8,148,154

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

Gaming Technology Solutions Limited is a private company limited by shares incorporated in England and Wales. The registered office is Fourth Floor, 61 Southwark Street, London, SE1 OHL.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Playtech PLC in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations and discontinued operations.

Where required, equivalent disclosures are given in the group accounts of Playtech PLC. The group accounts of Playtech PLC are available to the public and can be obtained as set out in note 22.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Gaming Technology Solutions Limited is a wholly owned subsidiary of Playtech PLC and the results of the company are included in the consolidated financial statements of Playtech PLC which are available from the group's website (www.playtech.com).

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.2 Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.4 Investments in subsidiaries

Investments in subsidiaries are all held at cost in the separate financial statements of the company.

1.5 Merger policy

Where the operations of a subsidiary are 'hived up' into the Company, the acquisition is accounted for as a business combination as at the original acquisition of the investment in the subsidiary. The assets and liabilities are transferred into the Company at fair value and any difference between the net assets transferred and amount paid is treated as goodwill (where the acquisition was pre-transition to FRS 101) and amortised over the estimated useful life. Any accumulated amortisation to date is posted in the period.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings leasehold	Straight line over the length of the lease
Fixtures, fittings & equipment	20% straight line
Computer equipment	33 1/3% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.11 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company 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.

1.14 Employee benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Share-based payments

Certain employees participate in the ultimate parent company's share option plan. The fair value of the options granted is charged to the profit and loss account over the vesting period and the credit is taken to reserves, based on the Company's estimate of shares that will eventually vest. Fair value is determined by the Black-Scholes valuation model. The share options plan does not have any performance conditions other than continued service.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Rentals payable under operating leases, less any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

1.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

2 Revenue

An analysis of the company's revenue is as follows:

	2016 £	2015 £
Turnover		
Provision of services - Software development	24,826,529	17,393,358

Revenue analysed by geographical market

	2016 £	2015 £
European Union	24,826,529	17,393,358

3 Operating profit

	2016 £	2015 £
Operating profit for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(65,857)	24,103
Fees payable to the company's auditor for the audit of the company's financial statements	15,178	11,364
Depreciation of property, plant and equipment	573,277	542,887
Amortisation of intangible assets	3,061	350
Share-based payments	178,674	50,723

4 Auditors' remuneration

The analysis of auditor's remuneration is as follows:

	2016 £	2015 £
Fees payable to the company's auditors for the audit of the company's annual accounts	15,178	11,364
Tax services	2,500	2,500

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

5 Employees

The average monthly number of employees (including directors) were:

	2016 Number	2015 Number
Directors	2	1
Management	3	7
Operations	15	13
Marketing	41	29
Development	144	101
Administration	25	16
	<hr/>	<hr/>
	230	167
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Their aggregate remuneration comprised:

Employment costs	2016 £	2015 £
Wages and salaries	14,073,924	10,658,938
Social security costs	1,518,195	1,144,685
Pension costs	535,299	368,574
	<hr/>	<hr/>
	16,127,418	12,172,197
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GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

6 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	271,512	-
Amounts receivable under long term incentive schemes	57,669	-
Company pension contributions to defined contribution schemes	20,124	-
	<u>349,305</u>	<u>-</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 0).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	218,739	-
Amounts receivable under long term incentive schemes	37,115	-
Company pension contributions to defined contribution schemes	12,648	-
	<u>268,502</u>	<u>-</u>

7 Investment income

	2016 £	2015 £
Income from fixed asset investments		
Income from shares in group undertakings	1,189,491	-
	<u>1,189,491</u>	<u>-</u>

8 Income tax expense

	2016 £	2015 £
Corporation tax		
Current year	1,378,000	443,500
Deferred tax		
Origination and reversal of temporary differences	(119,448)	-
	<u>1,258,552</u>	<u>443,500</u>
Total tax charge		

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

(Continued)

8 Income tax expense

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016 £	2015 £
Profit before taxation on continued operations	3,382,968	1,657,771
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2015 - 20.25%)	676,594	335,699
Taxation impact of factors affecting tax charge:		
Income not taxable in determining taxable profit	(237,898)	-
Expenses not deductible in determining taxable profit	411,633	118,459
Impairment not deductible in determining taxable profit	344,567	-
Fixed asset timing differences	87,525	(26,730)
Other differences	(23,869)	16,072
Total adjustments	581,958	107,801
Tax charge for the year	1,258,552	443,500

9 Intangible fixed assets

	Intellectual property rights £	Trademarks £	Total £
Cost			
At 31 December 2015	3,500	12,930	16,430
At 31 December 2016	3,500	12,930	16,430
Amortisation/impairment			
At 31 December 2015	3,500	9,869	13,369
Charge for the year	-	3,061	3,061
At 31 December 2016	3,500	12,930	16,430
Carrying amount			
At 31 December 2016	-	-	-
At 31 December 2015	-	3,061	3,061

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

10 Property, plant and equipment

	Land and buildings leasehold	Fixtures, fittings & equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 31 December 2015	1,803,967	523,612	2,117,417	4,444,996
Transferred from group companies	-	64,199	304,674	368,873
Additions	173,444	75,026	187,600	436,070
At 31 December 2016	1,977,411	662,837	2,609,691	5,249,939
Accumulated depreciation and impairment				
At 31 December 2015	349,448	298,228	1,644,787	2,292,463
Transferred from group companies	-	61,714	263,090	324,804
Charge for the year	182,388	78,246	312,643	573,277
At 31 December 2016	531,836	438,188	2,220,520	3,190,544
Carrying amount				
At 31 December 2016	1,445,575	224,649	389,171	2,059,395
At 31 December 2015	1,454,519	225,384	472,630	2,152,533

11 Investments

	2016 £	2015 £
Investments in subsidiaries	-	2,127,125

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

The directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

11 Investments

(Continued)

Movements in non-current investments

	Shares £
Cost	
At 1 January 2016 & 31 December 2016	2,127,125
Impairment	
Impairment losses	(2,127,125)
At 31 December 2016	(2,127,125)
Carrying amount	
At 31 December 2016	-
At 31 December 2015	2,127,125

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
V S Gaming Limited	England	100	100	Dormant
VS Technology Limited	England	100	100	Dormant

On 1 January 2016 the operations of these subsidiaries were hived up to the Company. The registered office of the subsidiaries is the same as the Company.

13 Trade and other receivables

	2016 £	2015 £
Trade receivables	28,767	67,085
Other receivables	246,053	291,499
Deferred tax recoverable (see note 15)	119,448	-
Amount due from parent undertaking	1,767,580	851,938
Amounts due from fellow group undertakings	7,893,324	27,145,158
Prepayments	331,472	317,546
	<u>10,386,644</u>	<u>28,673,226</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Trade and other payables

	Current 2016 £	2015 £
Trade payables	87,651	144,990
Amount due to parent undertaking	2,853,877	24,796,682
Amounts due to fellow group undertakings	2,968	1,194,522
Accruals	768,552	531,270
Social security and other taxation	1,325,378	753,099
Corporation tax	1,163,053	432,085
Other payables	384,484	158,148
	<u>6,585,963</u>	<u>28,010,796</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period. Deferred tax relates to timing differences on accruals and employment benefits.

	ACAs £
Deferred tax movements in current year	
Credit to profit or loss	(119,448)
Deferred tax asset at 31 December 2016	<u>(119,448)</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £	2015 £
Deferred tax assets	<u>(119,448)</u>	<u>-</u>

16 Retirement benefit schemes

Defined contribution schemes

The total costs charged to income in respect of defined contribution plans is £535,299 (2015 - £368,574). At the year-end, a balance of £40,973 was owed to the company (2015: £123,495 creditor).

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

17 Share-based payment transactions

The ultimate parent company operates a Company Share Option Plan ("CSOP") for certain employees of the Company. Options granted under the Plan vest on the first day on which they become exercisable which is three years after grant date. Further details on the terms of this scheme are discussed in more detail in the Group annual report.

	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
	2016	2016 £	2015	2015 £
Outstanding at 1 January 2016	14,722	4.16	14,722	4.16
Transferred from group companies	49,000	4.16	-	-
Granted	60,865	10.95	-	-
Granted	114,225	7.89	-	-
Exercised during the year	(52,035)	4.16	-	-
Outstanding at 31 December 2016	<u>186,777</u>	<u>9.15</u>	<u>14,722</u>	<u>4.16</u>

The exercise price of options outstanding at the end of the year was £9.15 (2015 - £4.16) and their weighted average contractual life was 3 years (2015 - 3 years). 7,178 of the options outstanding at the end of the year had vested and were exercisable at the end of the year (2015 - all).

The weighted average share price (at the date of exercise) and weighted average fair value of each option granted during the year was £8.72 (2015 - £nil), and £7.89 (2015 - £nil) respectively.

The Company granted 175,090 Nil cost awards in the year (2015 - None).

	2016 £	2015 £
The charge in the year was:		
Equity-settled scheme	<u>178,674</u>	<u>50,723</u>

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18 Share capital	2016 £	2015 £
Ordinary share capital		
Authorised		
200,000,000 Ordinary shares of 5p each	10,000,000	10,000,000
Issued and fully paid		
45,000,093 Ordinary shares of 5p each	2,250,005	2,250,005

19 Contingent liabilities

The company together with its wholly owned subsidiaries, has given a guarantee in respect of bank borrowings which amounted to £30,000 at 31 December 2016 (2015: £30,000).

20 Operating leases commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2016 £	2015 £
Minimum lease payments under operating leases	904,148	739,168

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2016 £	2015 £
Within one year	396,705	-
Between two and five years	1,415,986	179,167
In over five years	173,352	5,347,875
	1,986,043	5,527,042

GAMING TECHNOLOGY SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

21 Related party transactions

During the year the company entered into the following transactions with related parties:

In 2012, the company entered into an operating lease agreement with Anise Development Limited. The lease included a capital contribution from the landlord towards fit out costs, and these totalled £311,531. The costs have been capitalised as part of tangible fixed assets and accounted for as a lease incentive, with the benefit being recognised in the profit and loss account over the period to the first rent review. During 2014 a further lease agreement was entered into with Anise Development Limited in order to expand the existing premises occupied by the company. A rent charge of £850,953 (2015 - £739,168) has been recognised in the income statement for the year in respect of this lease. Anise Development Limited is related to the company by virtue of a common significant shareholder of Playtech PLC, the company's ultimate parent company.

No guarantees have been given or received.

22 Controlling party

The immediate parent company is Technology Trading (IOM) Limited, a company incorporated in the Isle of Man. The ultimate parent company is Playtech PLC, a company incorporated in the Isle of Man. Playtech PLC is listed on the London Stock Exchange and copies of its consolidated financial statements may be obtained from the group's website (www.playtech.com). The smallest and largest group in which the company's results are consolidated is that headed by Playtech PLC.