Paysafe Group plc

Final results for year ended 31 December 2015

Paysafe delivers strong FY 2015, positive outlook for 2016

LONDON (16 March 2016) – Paysafe Group plc (LSE: PAYS, “Paysafe” or the “Group”), a leading global provider of payment solutions, announces its audited preliminary results for the year ended 31 December 2015.

Financial highlights

$m	**2015**	**2014**	**YOY**
Revenue	613.4	365.0	68%
Pro-forma constant currency year-on-year revenue growth[1]	13%	18%	
Adjusted EBITDA[2]	152.6	86.1	77%
Adjusted EBITDA margin	24.9%	23.6%	
Adjusted profit after tax[3]	108.7	68.0	60%
Statutory profit after tax	7.4	57.7	-87%
Adjusted diluted EPS	0.26	0.22	15%
Reported net debt[4]	431.3	22.9	NM

NM = not meaningful

- Growth in revenue, adjusted EBITDA and adjusted profit after tax reflects positive performance across all divisions and the inclusion of Skrill Group (“Skrill”) results from acquisition on 10 August 2015.
- Statutory profit after tax impacted by acquisition-related costs, including amortisation of acquired intangibles, largely relating to Skrill.
- Integration of Skrill progressing well with accelerated synergy savings of approximately $10m achieved in 2015.
- Reducing concentration of major merchant Asia Gateway revenue continued throughout 2015.

Operational highlights

- Scale and breadth of Group's payments technology product and services offering, customer base and geographic exposure significantly enhanced by:
    - Accretive acquisition of Skrill.
    - Successful integration of US-based Meritus Payment Solutions ("Meritus") and Global Merchant Advisors ("GMA") into the Group's payments processing business.
    - Acquisition of mobile platform development business FANS Entertainment completed in May 2015.
- Transition to Paysafe as new corporate name and brand identity in November 2015.
- Paysafe shares admitted to Main Market of London Stock Exchange in December 2015.

Post year-end developments

- On 2 March 2016, FTSE Russell announced the inclusion of Paysafe as a constituent of the FTSE 250 index, effective from 21 March 2016.
- On 16 February 2016, Paysafe completed a transaction to acquire substantially all of the assets of Dallas-based MeritCard Solutions LP for an initial cash consideration of $16m plus up to a further $4m cash consideration, subject to the achievement of certain financial performance targets over two years. This acquisition broadens and deepens Paysafe's payment processing sales capabilities and partner relationships in North America.

Outlook

- The positive momentum that delivered our 2015 results slightly ahead of expectations has continued into the early part of 2016.

[1] Unaudited pro-forma constant currency year-on-year revenue growth is stated on an adjusted basis as if we had owned all acquisitions (including Skrill and Ukash, Meritus, GMA and FANS Entertainment) for all comparative periods. It is also calculated by applying prior period foreign exchange rates to current period amounts.

[2] Adjusted EBITDA is defined as results of operating activities before depreciation and amortisation and adjusted for exceptional non-recurring items which are defined as items of income and expense of such size, nature or incidence that, in the view of management, should be disclosed to explain the performance of the Group.

[3] Unaudited adjusted profit after tax and fully diluted earnings per share exclude the impact of foreign exchange losses and gains, acquisition, restructuring and other exceptional costs, share based payments, fair value gains and losses on share consideration payable and amortisation of acquired intangibles.

[4] Reported net debt includes short and long term debt (excluding deferred finance costs), finance leases and deferred cash consideration payable offset by cash & cash equivalents.

Please note that due to rounding, numbers presented throughout this document may not add up precisely to the totals provided. Percentage changes are calculated on unrounded figures.

Commenting on the results, Chairman Dennis Jones said:

"2015 was another year of continued strong performance across the entire business. The Paysafe team is focused on building on the successes of our operations across all the payment-related needs we serve. We are well positioned for opportunities to consolidate our position as a proven leader and trusted innovator in the payments industry."

President and CEO Joel Leonoff said:

"We are incredibly pleased with this year's results. 2015 was a tremendous year for our business. We operated at pace with focus, delivering growth both in terms of our financial results and the increasing range of payment products and services we provide around the world.

Among the many highlights of the past year were the integration of Meritus and GMA, the acquisition of Skrill and FANS Entertainment, the transition to the Group's new brand identity Paysafe and our elevation to the London Stock Exchange's Main Market. These milestones, together with our upcoming inclusion in the FTSE 250 index, are a testament to the significant progress made by the Group over the past 15 months.

I am pleased to report that the positive momentum we've shown in delivering our results slightly ahead of expectations in FY 2015 has continued into the early part of this financial year. I am very excited about our prospects and opportunities in the year ahead."

Presentation to analysts and investors

CEO Joel Leonoff and CFO Brian McArthur-Muscroft will host an audiocast and conference call for analysts and investors at 9 a.m. today (UK time) via the following logon and dial-in details:

Webcast link: *http://edge.media-server.com/m/p/b5tqi98o*

Dial-in numbers: *UK Toll Number: +44(0)20 3427 1900*
UK Toll-Free Number: 0800 279 5736
US Toll Number: +1 646 254 3366

Passcode: ***9494713#***

A replay facility for the call will be available via the Investor Relations section of www.paysafe.com.

About Paysafe

Paysafe provides digital payments and transaction-related solutions to businesses and consumers around the world. Paysafe makes transactions easy by enabling fast, convenient and secure ways to pay-before, pay-now and pay-later through its digital wallets, prepaid card, payment processing and card issuing & acquiring products and services. We believe that every point of every payment should be relevant, simple and safe. With nearly two decades of experience, Paysafe is trusted by merchants, and by consumers in more than 200 countries and territories, to move and manage money via more than 100 payment types and 40 currencies. Paysafe offers multi-platform products with an emphasis on emerging payment technologies including mobile. Paysafe's brand portfolio includes NETELLER® and Skrill®, paysafecard®, payolution® and FANS Entertainment. Paysafe Group plc shares trade on the London Stock Exchange under the symbol (PAYS.L). For more information, visit: www.paysafe.com.

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Chairman's Statement

We are delighted with the results Paysafe has announced today. 2015 was another year of continued strong performance across the entire business. Reported revenue was $613.4m with $390.4m booked in the second half. This was a 75% increase half-on-half, reflecting the consolidation of Skrill's results from 10 August 2015. On a pro-forma constant currency basis, FY 2015 revenue increased 13% year-on-year. Adjusted FY 2015 EBITDA was $152.6m, compared with $86.1m in 2014. The integration of Skrill is progressing well with synergy savings of approximately $10m achieved in 2015.

Transformational year

The acquisition of digital wallet and online payments processor Skrill, along with the successful integration of Meritus and GMA into our payment processing business, and the acquisition of mobile technology developer and integrator FANS Entertainment, has created a considerably more international and diversified payments business.

The Skrill acquisition, with an enterprise value of approximately €1.2bn ($1.3bn), effectively doubled our size, and helped propel us from the AIM market to the Main Market of the London Stock Exchange in the final weeks of 2015. The acquisition was a long-term goal for the Group – a transformational combination of two highly complementary payment specialists that has created a business with significant scale, a wider customer base and product offering, and a stronger financial profile. Importantly, we maintained a disciplined approach through the acquisition and other recently-executed transactions, and delivered overall Group growth.

A new corporate identity

Our evolution as a global player in the payments industry with nearly two decades of proven and extensive experience was formally unveiled with the transition to our new corporate identity – Paysafe – in November 2015. While our brand was redesigned, our purpose remains the same: to offer relevant, simple and secure solutions for payments everywhere.

As a business operating in the heart of an industry going through unprecedented change, we are incredibly excited about what we are already doing to make payments simpler - for the businesses and brands we work with and for consumers who can manage their money in innovative new ways to suit their evolving needs. Paysafe is bringing this revolution in digital commerce to markets and customers across the world as internet access becomes ubiquitous and mobile payments grow in popularity across developed and emerging markets.

At Paysafe, we believe our combination of digital wallets, prepaid products and card services and payments processing will enable us to continue to capitalise on the growth in digital transactions.

Delivering value

Our approach delivers value to our merchants and consumers and in turn creates value for shareholders. We made strong progress in 2015:

- Bolstering our position as a prepaid online payments provider and a leading player in the provision of digital wallets, and optimising our products and services for mobile;
- Improving our presence in existing markets and expanding into new geographies and sectors; and
- Positioning the Group for further growth.

In 2016, the entire Paysafe team is focused on building on the successes of our core operations across all the payment-related needs we serve with the ongoing objective of creating a substantial and profitable long-term business. We are well positioned for the opportunities to consolidate Paysafe's position as a proven leader and trusted innovator in the payments industry.

Dividend

The Board is not recommending the payment of a dividend in respect of 2015.

Board and governance

Stephen Shaper stepped down as a Non-Executive Director on 3 August 2015. We would like to thank Stephen, who had been a Board member since 2012, for his significant contribution to the growth and success of our business. We wish him well for the future.

During the year we have increased financial transparency and investment in business resilience and security. This will continue. As part of our targeted investment in the business, the Group's legal, regulatory, compliance and risk management teams grew during 2015, reflecting the importance of integrating policies across the different business divisions to establish a unified set of processes reflecting best practice in the payments industry.

An outstanding team

As Chairman I would like to thank President and Chief Executive Officer Joel Leonoff, Chief Financial Officer Brian McArthur-Muscroft, Chief Operating Officer Danny Chazonoff and our entire team for delivering the results we have achieved in 2015. The quality of our people and their undoubted ability to maintain and grow the client relationships we have remain fundamental to the Group's success.

Dennis Jones, Chairman

President and Chief Executive's statement

We are incredibly pleased with these results. 2015 was a tremendous year for our business. We operated at pace with focus, delivering growth in terms of our financial results and the increasing range of payment products and services we provide around the world.

Our performance reflects ongoing successful execution, the effective integration and disciplined management of our recently acquired businesses, and the focus and ongoing commitment of our employees.

A year of progress

Among the many highlights of the past year were the integration of Meritus and GMA, the acquisition of Skrill and FANS Entertainment, the transition to the Group's new brand identity Paysafe and our elevation to the London Stock Exchange's Main Market. These milestones, together with our upcoming inclusion in the FTSE 250 Index, are a testament to the significant progress made by the Group over the past 15 months.

We also attained our first formal public credit ratings from Moody's and Standard & Poor's, issued two full prospectuses – one for the rights issue to finance the acquisition of Skrill which completed in May 2015 and one for the Main Market move in December 2015 – and hosted the enlarged Group's first Capital Markets Day in London.

Skrill

The acquisition of Skrill completed in August 2015. This transaction diversified the Group's customer base, product offering and geographic exposure due to the highly complementary nature of the two businesses.

The Skrill Group comprised the Skrill digital wallet, which also offers a prepaid MasterCard; paysafecard, which provides prepaid payment products; and payolution, which arranges the provision of point-of-sale financing, giving merchants the ability to offer credit to customers to pay later via invoice or instalments once goods have been received.

Specifically, the two businesses shared the following key attributes:

- Established providers of alternative payment processing and digital wallet solutions to merchants and consumers operating at a global scale with a presence in multiple markets;
- High underlying gross profit margins and scalable business models;
- Leading providers of digital wallet solutions to the online gambling and gaming industries; and
- Generating revenue streams from merchant and consumer fees relating to fund movements on digital wallet platforms.

We financed the acquisition by a well-supported £463m ($702m) fully-underwritten rights issue – the largest on AIM at the time – and the issue of shares to Skrill investors. The deal was underpinned by establishing debt facilities of €500m ($548m) in a way that improved our balance sheet efficiency and demonstrated the attractiveness of Paysafe to major financial institutions.

Another merit of the transaction was its ability to unlock substantial synergies arising from the combination of two businesses, given how well they complemented each other. When the deal was announced in March 2015 we forecast $40m per annum in ongoing cost saving synergies in the fiscal year ending 31 December 2016. We delivered approximately $10m in 2015. The integration of Skrill is on track to be substantially completed during the third quarter of 2016.

Strong financial performance

The acquisition of Skrill, a full year of contribution from Meritus and GMA (acquired in July 2014), as well as underlying Group-wide growth, contributed to a 68% increase in 2015 reported revenue from $365.0m in 2014 to $613.4m in 2015. FY 2015 revenue rose 13% year-on-year on a pro-forma constant currency basis.

This progress, which was achieved in a relatively short period of time, has resulted in a considerably more diversified business.

Market overview

Payments have been a feature of our lives in one form or another for centuries. But they have never changed as fast or as dramatically as they are changing today. Payments are moving online at a rapid pace, and across multiple devices.

This trend is also driving new and alternative payment methods. Paysafe is benefiting from these trends, and is well placed with its unique, comprehensive and relevant suite of online and mobile-first payments solutions. We continue to believe that the Group is well positioned in markets and sectors that display high barriers to entry, owing to a complex network of participants and a requirement for robust technological infrastructure as well as regulatory licenses and approvals, all of which are difficult to replicate.

At the heart of today's payments business requirements is the need for robust services that are seamless and secure for merchants and their consumers. Merchants face a variety of challenges including the constant evolution of payment technologies, changing consumer behaviours, security and risk requirements, and a wide variety of currencies and languages.

Companies that provide relevant, simple and secure payments and are able to partner with businesses and consumers to make their lives easier when it comes to managing money on the move will be uniquely well placed to succeed in the global payments industry. Paysafe is among those companies – relevant at the point of every payment and a vital partner wherever and whenever a business or a consumer needs us, both now and in the future.

Three divisions: Payment Processing, Digital Wallets and Prepaid

As part of the reorganisation of the Group following the acquisition of Skrill, our results are reported under three divisions: Payment Processing, Digital Wallets and Prepaid:

- Payment Processing comprises our core processing services as well as payolution, Acquiring and FANS Entertainment;
- Digital Wallets comprises the NETELLER and Skrill digital wallet services and Issuing (Card Solutions); and
- Prepaid comprises paysafecard.

Payment Processing

Payment Processing provides a range of payment processing services to businesses, helping merchants accept a wide variety of traditional and alternative payment types. As well as working directly with merchants in niche verticals, we integrate software partners and value-added resellers who provide payment processing services to their own clients as well as third parties that resell our payment processing services. Throughout 2015, Payment Processing continued to improve its presence in existing and new markets. We work with our clients to manage their risks by using proprietary technology and sophisticated risk and fraud management tools to help merchants process payments securely across multiple currencies and languages.

Payment Processing is the largest of the three Group divisions by revenue contribution, generating $375.1m in reported revenue in 2015, a 37% increase on FY 2014’s $274.7m. On a pro-forma constant currency basis, revenue grew 16% year-on-year. The reported revenue uplift was supported by the July 2014 acquisition of California-based payment processor Meritus Payment Solutions and US-based online payment company GMA. The integration of these businesses was completed during 2015.

Payment Processing includes payolution, Acquiring and FANS Entertainment;

- Payolution, with operations in central Europe, enables merchants to provide their customers with the ability to buy online and then pay later after receipt of the goods or via a payment plan. It provides services to a growing portfolio of merchants.
- Acquiring is a Financial Conduct Authority (FCA) regulated business that launched at the end of 2014. Paysafe has principal membership of MasterCard Europe and Visa Europe for Acquiring. This allows the Group to provide merchants’ accounts directly.
- FANS Entertainment, which Paysafe acquired in May 2015, is a mobile e-commerce platform developer and integrator. Through this business, Paysafe is working to offer innovative value-added mobile services to its merchants and clients across the industries that the Group serves.

Digital Wallets

The Group's Digital Wallets division enables consumers to make instant and secure guaranteed payments over the internet to businesses in a wide variety of sectors and to transfer money to family and friends. Our flagship NETELLER and Skrill digital wallets provide merchants with more than 100 payment options via one simple integration in more than 40 different currencies and 18 languages. Our services include chargeback protection, VIP affiliate and loyalty programmes for merchants and marketing tools to help them attract, maintain and build their customer base. For consumers, Paysafe's digital wallets enable them to send and receive money quickly, securely and easily in real time.

In 2015, Paysafe's Digital Wallet business had reported revenue of $159.1m, 78% higher than 2014's $89.6m, driven by the Skrill acquisition. On a pro-forma constant currency basis, Digital Wallets saw 17% year-on-year revenue growth.

New capabilities delivered in 2015 included: enabling new currency payments in Africa, Latin America and Eastern Europe; the acceptance of new payment options and alternative payment methods including Bitcoin; and enabling enhanced credit card transaction management, data insights, risk controls and chargeback services for merchants.

The Digital Wallets division includes Issuing (Card Solutions). Paysafe is a Principal Member of MasterCard and authorised by the FCA to issue e-money in the European Economic Area. Through this service, businesses can bring prepaid payment solutions to market more rapidly, efficiently and cost-effectively – whether it's a white-label prepaid card programme or a turnkey solution. In February 2016, the Group announced a partnership with Payfriendz to provide payment processing, acquiring and card solutions for its own person-to-person social payments app, demonstrating the cross-sell opportunities between Paysafe's Issuing and Payment Processing capabilities.

Prepaid

Paysafe Prepaid comprises the Group's paysafecard business, which was acquired by Skrill in 2013. From its base in Austria, the provider of cash vouchers enables consumers to convert cash into digital currency and pay online quickly, easily and safely.

On 31 March 2015, and prior to the completion of the acquisition of Skrill by the Group, Skrill itself completed the acquisition of Ukash, an international UK-based provider of cash vouchers. Ukash provided a similar product offering to paysafecard and its largest market was the UK. Ukash was fully integrated within the paysafecard business during the year with the distribution of new Ukash vouchers and prepaid cards ending on 31 August 2015.

Prepaid's reported revenue in 2015 was $76.4m. On a pro-forma constant currency basis, Prepaid grew revenue by 5% year-on-year.

The number of paysafecard users has grown significantly to more than 2.5m active users per month. By the end of 2015, paysafecard was being used by consumers in 42 countries, across 24 languages and 23 currencies. During the year, paysafecard expanded into new markets including New Zealand, Kuwait and Saudi Arabia. The product's multi-market reach is underpinned by a distribution network that surpassed more than 500,000 outlets in 2015. This growing distribution network includes retailers, kiosks, petrol stations, post offices and convenience stores.

Brands such as Spotify, Deutsche Telekom and Ubisoft provide paysafecard payment options while distribution partners include 7Eleven and Shell. Paysafecard's Facebook page, which provides a platform to engage with existing and future customers, surpassed the 1.1m followers mark in 2015.

In February 2016, paysafecard went live on the PlayStation®Store and PlayStation®4 games platform as a payment method, demonstrating the division's continued channel development and diversification.

Strategy

The scale and worldwide market presence of our enlarged Group enables us to capitalise on opportunities for cross-selling, with an ongoing emphasis on online payment products and an increasing focus on mobile-centric payments services. Our strategy to realise our vision of being the point of every payment centres on a number of activities.

- Product development, both ensuring all our products and services are optimised for mobile and making it easier for our merchants to access all of our products and services.
- Investing in channel development, diversification into new verticals and geographic expansion to ensure our divisions can stay ahead of changing customer requirements and trends in their markets.
- Continuing to invest in building world-class technology, product, risk and compliance capabilities.
- While our core businesses will be key drivers of the growth we are targeting, we continue to identify and pursue new opportunities that we believe provide the right fit for our payments business with attractive future growth potential, particularly in areas such as remittances, acquiring and e-invoicing and e-instalments.

Our key focus in 2016 is delivering on the opportunities arising from the integration of the Skrill Group. Looking past the completion of that integration, we will continue to pursue accretive acquisitions that make strategic sense.

Awards

During the year, our team around the world was proud to have been recognised internationally for our ongoing innovations in pay-before, pay-now and pay-later products and services. During 2015 the Group's awards included:

- Deal of the Year at the UK Tech Awards.
- Transaction of the Year at the UK AIM Awards.
- Best Payments Company at the EGR North America Awards.

- Best Mobile Payments Solution at the EGR B2B Awards in London for paysafecard.
- Paysafecard was also recognised as the 'Big Player' winner at Austria's Leading Companies Awards.
- Best Payment Service Provider and Best Alternative Payment Solution for its NETELLER and NETBANX services at the CNP Awards.

Post-year end developments

On 16 February 2016, we acquired substantially all of the assets of MeritCard Solutions LP for an initial cash consideration of $16m plus up to a further $4m cash consideration subject to the achievement of certain financial performance targets over two years. The acquisition of the Dallas-based business broadens and deepens our sales capabilities and partner relationships in payment processing in the US.

The company specialises in building relationships with small to medium-sized independent sales organisations, sales and bank agents as well as third-party vendors. MeritCard also works as a wholesale independent sales operator and counts Wells Fargo Bank, Deutsche Bank and Merrick Bank among its leading partners alongside TSYS. MeritCard will continue to operate under the MeritCard brand within Paysafe's Payment Processing division.

Outlook

I am pleased to report that the positive momentum we've shown in delivering our results slightly ahead of expectations in FY 2015 has continued into the early part of this financial year. I am very excited about our prospects and opportunities in the year ahead.

Joel Leonoff

President and Chief Executive Officer

Chief Financial Officer's Review

Building a quality global business

I am pleased to present the consolidated Group results for the year ended 31 December 2015, incorporating the results of Skrill from acquisition on 10 August 2015. As I set out in last year's report, my focus has been and will continue to be on generating controlled, sustainable and profitable growth across the business.

With the acquisition of Skrill, our move to the Main Market of the London Stock Exchange on 23 December 2015 and the announcement of our inclusion in the FTSE 250 Index, Paysafe is now a business of significant scale and product and service diversity.

Reflecting the acquisition of Skrill and associated costs we reported a statutory profit after tax of $7.4m (2014: $57.7m) and basic earnings per share of $0.02 (2014: $0.21[5]).

Adjusted EBITDA[6] increased 77% to $152.6m (2014: $86.1m).

Group revenue and gross profit

We are committed to providing the information investors and other stakeholders need in order to evaluate the performance of our Group. At our H1 2015 results, we significantly improved our cash flow and balance sheet disclosures, added organic growth by division disclosures and provided further half-on-half geographic information.

Building on this commitment, we have now enhanced our disclosures around transaction volume. In addition, we are disclosing pro-forma gambling and gaming-based revenue as a percentage of pro-forma fee revenue for H2 2015. This is the first period in which we are disclosing this information. In addition, to provide a more transparent analysis of the ongoing performance of the Group following our acquisitions, we have included revenue commentary on a "pro-forma constant currency" basis. This measure is unaudited, and is stated on an adjusted basis as if we had owned all acquisitions throughout the comparative periods ("pro-forma"). It is also calculated by applying prior period foreign exchange rates to current period amounts ("constant currency").

During the year, reported revenues increased by 68% to $613.4m (2014: $365.0m). H2 2015 reported revenue at $390.4m was 90% higher than the prior year (2014: $205.9m), and grew 75% half-on-half reflecting consolidation of Skrill's results from 10 August 2015.

On a pro-forma constant currency basis, FY 2015 revenue increased 13% year-on-year (2014: 18%). We are pleased with performance in all divisions, despite the impact of capital controls in Greece and the expected reduction in revenue and volumes on a pro-forma basis in our acquired Ukash business.

Group FY 2015 reported fee revenue[7] by geography shows revenue from Asia and the rest of the world (outside of Europe and North America) reducing to 31% in FY 2015 from 52% in FY 2014.

On a pro-forma basis, the Group earned 44% of its H2 2015 fee revenue[7] from online gambling verticals, and 10% from online gaming. The rest of the Group's fee revenue derives largely from other e-commerce verticals and consumer fees.

The Group reports in US dollars. Following the acquisition of Skrill, approximately 30% of pro-forma H2 2015 fee revenue[7] is denominated in Euros, approximately 40% in US dollars and approximately 5% in British pounds.

Investment income of $2.8m in 2015 (2014: $0.7m) was derived from interest earned on cash held by the Group on behalf of merchants and members. The significant increase in 2015 relates to investment income from the Skrill wallet.

FY 2015 reported gross profit was $296.5m (2014: $177.7m[8]), while gross margin dropped by 40 basis points to 48.3% (2014: 48.7%). The decrease in gross margin reflects lower margins in the Payment Processing division driven by business mix. This is partially offset by the shift in revenue mix towards the higher margin Digital Wallets and Prepaid divisions on the acquisition of Skrill.

Group reported revenue and margin – by division

$m	**2015**	**2014**
Revenue		
Payment Processing	375.1	274.7
Digital Wallets	159.1	89.6
Prepaid	76.4	-
Interest income	2.8	0.7
Total	**613.4**	**365.0**

$m	**2015**	**2014**
Gross profit		
Payment Processing	138.5	112.5
Digital Wallets	116.0	64.5
Prepaid	39.2	-
Interest income	2.8	0.7
Total	**296.5**	**177.7**

	2015	**2014**
Gross margin		
Payment Processing	36.9%	40.9%
Digital Wallets	72.9%	72.0%
Prepaid	51.3%	-
Interest income	100.0%	100.0%
Total	**48.3%**	**48.7%**

Group reported fee revenue – by geography

$m	2015	2014
Revenue		
Europe	33%	21%
North America	36%	27%
Asia & ROW	31%	52%
Total[7]	100%	100%

Divisional revenue and gross profit

Payment Processing

Our Payment Processing division performed strongly, with reported revenue increasing 37% from $274.7m in FY 2014 to $375.1m in FY 2015, driven by the impact of the Meritus and GMA acquisitions in H2 2014.

On a pro-forma constant currency basis, revenue grew 16% year-on-year. Excluding major merchant Asia Gateway revenue, Payment Processing revenue grew 29% on a pro-forma constant currency basis.

Pro-forma US dollar volume for Payment Processing increased to $17.2bn (2014: $16.6bn). Volume represents all transactions including fee generating credits and chargebacks processed by the division. It excludes volume processed for other Group divisions. Pro-forma revenue represented 2.2% of volume (2014: 2.0%), the increase driven by net growth of higher fee businesses, and by a shift from lower fee gateway to higher fee bureau services.

Reported divisional gross margins were 36.9% in FY 2015 (2014: 40.9%), reflecting the reducing proportion of revenue from our largest merchant and the increased impact of our 2014 US acquisitions.

Digital Wallets

Reported Digital Wallets revenue increased 78% from $89.6m in FY 2014 to $159.1m in FY 2015, driven by the Skrill acquisition.

On a pro-forma constant currency basis, the Digital Wallets division saw 17% year-on-year revenue growth.

Digital Wallets pro-forma US dollar volume rose to $19.9bn (2014: $18.8bn). Wallets volume includes uploads and withdrawals to and from wallets, and member-merchant and member-member transactions. As with reported revenue, growth was impacted by US dollar strength compared to other trading currencies, especially the Euro. Pro-forma revenue divided by volume was stable at 1.2% (2014: 1.2%).

Digital Wallets gross margin was 72.9% in FY 2015 (2014: 72.0%). Following the acquisition of Skrill, accounting policies have been aligned, and cost of sales has been re-presented for the historic NETELLER business to include various direct costs, including costs of loyalty, VIP and commission programmes. Reported gross profit for Digital Wallets for FY 2014 was $64.5m (72.0% margin), re-presented from $76.0m (84.8% margin).

Following the acquisition of Skrill, reported bad debt as a percentage of revenue has increased from 1.9% in FY 2014 to 3.3% in FY 2015. Action is being taken to leverage NETELLER policies to reduce bad debt levels on the Skrill wallet going forward. Offsetting this effect, other variable costs of sales have decreased slightly to 23.8% of sales (2014: 26.0%).

Prepaid

The Prepaid division, comprising our paysafecard business which was acquired with Skrill, contributed $76.4m of reported revenue in FY 2015.

On a pro-forma constant currency basis, the Prepaid division grew revenue by 5% year-on-year driven by underlying growth in largely Euro-denominated volumes, partially offsetting the effect of the introduction of capital controls in Greece and the acquisition of Ukash and expected withdrawal from certain Ukash territories and services.

Prepaid volume on a pro-forma dollar basis was $2.7bn (2014: $2.9bn). Volume represents merchant transactions paid for with a prepaid voucher provided by the division. The US dollar decline in volume is partly driven by the dominant currency of the division being the Euro, which weakened c.16% compared to the US dollar in FY 2015. Pro-forma volume decline was also driven by the acquisition of Ukash which is discussed below.

Prepaid pro-forma revenue in FY 2015 represented 7.5% of volume (2014: 7.7%). This higher percentage represents the division’s position as a channel for online merchant clients to new consumers who might not otherwise wish to, or be able to, transact online.

As part of the acquisition of Skrill we acquired Ukash, a business which Skrill had purchased in March 2015. As part of the valuation of this business, we took into account our expected withdrawal from certain territories and services that were previously provided by Ukash. On a pro-forma basis, therefore, both volume and revenue have declined for the Ukash business. The Ukash business was fully and successfully integrated in H2 2015, and the brand was retired.

Gross margin for the Prepaid division for the period following the acquisition of Skrill in August 2015 was 51.3%. Pro-forma gross margins have remained steady year-on-year. Prepaid cost of sales primarily includes the costs of distribution of vouchers.

Group adjusted EBITDA

Adjusted EBITDA increased 77% to $152.6m (2014: $86.1m) reflecting the acquisition of Skrill, with the adjusted EBITDA margin increasing to 24.9% (2014: 23.6%) as the Group made a head start achieving synergy savings of approximately $10m in 2015.

A reconciliation of results from operating activities to adjusted EBITDA is shown below:

$m	2015	2014
Results from operating activities	**26.2**	**61.0**
Foreign exchange loss	9.7	3.0
Acquisition, restructuring and other exceptional costs	37.7	11.6
Share-based payments	14.1	8.3
Fair value losses/(gains) on share consideration payable	13.6	(18.8)
Depreciation and amortisation	51.3	21.0
Adjusted EBITDA	**152.6**	**86.1**

Non-fee expenses

Operating expenses were $270.2m (2014[8]: $116.7m), the increase largely driven by the inclusion of the results of the Skrill business from 10 August 2015.

Adjusted EBITDA non-fee expenses

Excluding share-based payments and non-recurring items[9], adjusted EBTIDA operating expenses were 23% of sales, down from 25% of sales in FY 2014.

Salaries and employee expenses (excluding share-based payments) as a percentage of revenue were 12.3%, down from 12.7% in FY 2014, driven by the accelerated realisation of synergy benefits on the acquisition of Skrill.

We have a targeted investment programme in the business, in particular in relation to expansion into new territories and regulatory and security functions. During 2015, this programme included investment in our global compliance and risk functions. Following the acquisition of Skrill, we continue to evolve our regulatory and security processes across the Group and expect to invest further in this area into 2016.

We are continuing to invest in the Prepaid division's expansion into new territories in FY 2016. For example, in H2 2015 the Prepaid division launched its core product in Kuwait and Saudi Arabia.

Share-based payments

Share-based payment expense grew 70% to $14.1m in FY 2015, 15.7% of total employee expenses (2014: 15.1%). This expense related to the Group's LTIP and share options allocated to employees and management. Share-based payment awards for 2015 reflect a full year of impact from LTIPs awarded to senior management in H2 2014, as well as new LTIPs awarded in 2015 to support executive recruitment.

Exceptional expenses

A foreign exchange loss of $9.7m was incurred (2014: $3.0m), largely relating to currency fluctuations on the cash balances held by the Group. Balances in a number of currencies are held on deposit for members and merchants. These balances fluctuate due to members and merchants not always choosing to deposit and withdraw funds in the same source currency, and unrealised foreign exchange gains and losses also arise on translation of these amounts at reporting dates in entities with different functional currencies.

Acquisition costs of $29.4m (2014: $11.6m) and restructuring costs of $8.2m (2014: nil) related primarily to the acquisition and integration of Skrill. Skrill acquisition costs largely include professional fees, due diligence and assurance costs. Restructuring costs primarily relate to personnel and consultancy costs, including the cost of delivering headcount reductions.

We also recognised an exceptional $13.6m net fair value loss on share consideration payable (2014: $18.8m gain) primarily due to the increase in share price over the year. This amount relates to the share consideration payable to the former owners of Meritus.

Depreciation, amortisation, net finance costs and tax

Depreciation and amortisation was $51.3m (2014: $21.0m) which included amortisation of acquired intangible assets of $31.9m (2014: $9.2m). Amortisation of acquired intangible assets is excluded from our adjusted profit figures.

Net finance costs were $14.4m (2014: $2.0m). This included $2.3m interest payable until August 2015 on debt raised in July 2014 to fund the acquisition of the US businesses. In August 2015, a new facility was drawn down in relation to the Skrill acquisition, which included a refinancing of the July 2014 debt facility. $7.8m of the FY 2015 charge relates to interest costs on the new debt facility. The remainder of the net finance charge includes amortisation of financing fees, fees on undrawn facilities and interest earned on cash held temporarily following the rights issue.

The tax charge for 2015 was $4.4m (2014: $1.3m), comprising a current tax charge of $6.8m offset by the unwinding of deferred tax liabilities of $2.4m. On an adjusted basis[10], the tax charge was approximately $10.0m (2014: $4.2m), an adjusted tax rate of approximately 8.5% (2014: 5.8%).

Statutory profit after tax and other comprehensive income

Reflecting the impact of acquisition-related costs and foreign exchange, statutory profit after tax was $7.4m (2014: $57.7m). Adjusted profit after tax[10], excluding the impact of one-off and acquisition-related items, was $108.7m (2014: $68.0m).

A debit of $1.4m (2014: credit of $0.9m) was recognised through other comprehensive income relating to translation differences on the results, assets and liabilities of non-US dollar denominated entities.

Earnings per share

Statutory basic earnings per share of $0.02 for FY 2015 reflect the impact of acquisition, restructuring and exceptional charges (2014: $0.21). On a fully diluted basis, statutory earnings per share were $0.02 (2014: $0.19).

Due to the rights issue, recognised in May 2015, prior period basic and fully diluted earnings per share have been adjusted to take account of the bonus element of the rights issue.

Adjusted fully diluted earnings per share were $0.26, 18% higher than FY 2014. A reconciliation is shown in the table below.

The adjusted basic earnings per share is affected by the completion of the rights issue in May 2015, prior to the consolidation of the results of Skrill from 10 August 2015.

$m	**2015**	**2014**
Statutory profit after tax	**7.4**	**57.7**
Tax charge	4.4	1.3
Statutory profit before tax	**11.8**	**59.0**
Foreign exchange loss	9.7	3.0
Acquisition, restructuring and other exceptional costs	37.7	11.6
Share-based payments	14.1	8.3
Fair value losses / (gains) on share consideration payable	13.6	(18.8)
Amortisation of acquired intangibles	31.9	9.2
Adjusted profit before tax	**118.7**	**72.2**
Adjusted tax	10.0	4.2
Adjusted profit after tax	**108.7**	**68.0**
Adjusted fully diluted EPS	0.26	0.22
Weighted average number of shares in issue - diluted (million)	425.2	307.5

Cash flow and cash position

Group cash and cash equivalents were $117.9m at 31 December 2015 (31 December 2014: $109.9m).

In H1 2015, the reporting of cash and cash equivalents was adjusted to include two new line items on the balance sheet: settlement assets and cash held as reserves. The objective is to provide users of the accounts with a clearer view of the Group's cash position and the impact of payments working capital cash flows.

Free cash flow[11] was $42.8m for FY 2015 (2014: $28.3m). Excluding payments working capital cash flows described more fully below, free cash flow was $84.7m (2014: $75.1m). Adjusted cash conversion before payments working capital as a percentage of adjusted EBIT was 92% in FY 2015, down from 102% in FY 2014.

A reconciliation outlining the components of the cash conversion measure is as follows:

$m	2015	2014
Adjusted EBIT	**133.2**	**74.3**
Adjusted depreciation and amortisation	19.4	11.8
Adjusted EBITDA	**152.6**	**86.1**
Working capital movements	(6.0)	0.8
Adjustment for exceptional expenses not yet paid[12]	(0.6)	-
Purchase of property, plant and equipment and intangible assets	(23.7)	(11.1)
Adjusted free cash flow before payments working capital[13]	**122.2**	**75.7**
Adjusted cash conversion before payments working capital	**92%**	**102%**

Long term debt

The Group's total long term debt position was $524.2m at 31 December 2015 (31 December 2014: $127.8m), including $0.4m of obligations under finance leases (31 December 2014: $0.8m).

The long term debt position increased as at 10 August 2015 to incorporate the credit facility of €500.0m secured to fund the acquisition of Skrill. As part of the debt raise, we received BB/BB+ company/instrument ratings. The Group's original debt facility (of $150.0m) partially drawn down in H2 2014 to fund the US acquisitions was fully refinanced within this debt facility.

The new debt facility includes a €280m Term A loan which is repayable over five years, and bears interest at Euribor plus 3.00% margin reducing to 2.75% when adjusted leverage is less than or equal to 3.00:1. It also includes a €220m Term B loan bearing interest at Euribor plus 4.00% margin reducing to 3.75% margin when adjusted leverage is less than or equal to 3.00:1. The Term B loan is repayable at the discretion of the Group without penalty before the maturity date of 10 August 2022. In November 2015 the Group entered into an amortising interest rate swap for the whole of its Term A debt to hedge the risk of interest rates rising.

The first repayment of €14m on the Term A €280m credit facility was due and paid in February 2016.

The Group also has a revolving credit facility available of $85.0m. Letters of guarantee to the value of $8.7m are secured against this facility as fully described in note 8.

Covenants on the long term debt include net debt/EBITDA ratio and fixed charge cover. The Group was in full compliance with its debt covenants at 31 December 2015.

Net debt

$m	2015	2014
Short and long term debt[14]	545.4	127.0
Finance lease obligations	0.4	0.8
Deferred cash consideration payable	3.3	5.0
Cash & cash equivalents	(117.9)	(109.9)
Reported net debt	**431.3**	**22.9**

Reported net debt at 31 December 2015 was $431.3m. Net debt for the purposes of covenants is comparable to reported net debt. Reported net debt/pro-forma EBITDA was 2.1 times at 31 December 2015.

Goodwill

Goodwill of $974.8m and $3.4m was recognised on the acquisition of Skrill in August 2015 and FANS Entertainment Inc. in May 2015 respectively. No impairments were identified on these balances, or on the previously recognised goodwill largely relating to the acquisitions of Meritus and GMA in July 2014.

Intangible assets

The net book value of intangible assets at 31 December 2015 was $369.9m (31 December 2014: $79.4m). During the year, $313.1m of additions related to intangibles acquired with Skrill and $7.7m related to intangible assets recognised on the acquisition of FANS. Management considered that the carrying value of these and historic acquired assets did not need to be impaired.

During the period, the Group continued to incur development costs to add new functionality to the Group's platforms, and capitalised $12.9m of internal costs excluding the impact of acquisitions. Capitalisation as a percentage of sales increased to 2.1% (2014: 1.5%), reflecting a higher percentage of re-investment in the combined Group.

Management has determined that no impairment is required in relation to capitalised development costs.

Current assets

Prepaid expenses and deposits increased to $14.6m at 31 December 2015 from $5.3m, and trade and other receivables were $31.2m (2014: $14.7m), largely driven by the acquisition of Skrill.

Acquisition-related liabilities

Share consideration payable in relation to the acquisition of Meritus decreased 2% to $56.0m as at 31 December 2015, due to the payment of the first of four equal tranches in September 2015 partially offset by the impact of higher share prices and volatility on the year-end fair value of the remaining liability. In addition, the total year-end share consideration payable balance of $62.4m includes $6.4m payable in relation to the FANS acquisition.

Contingent consideration payable decreased to $2.1m from $5.0m at 31 December 2015. This reflected the cash payment of the entire $5.0m contingent consideration liability relating to the GMA acquisition, and the addition of a $2.1m share-based contingent consideration liability relating to the acquisition of FANS in May 2015.

In addition, deferred consideration of $3.3m relates to cash payable in relation to Skrill's acquisition of Ukash in March 2015.

Payments working capital items

Cash held as reserves represents the cash the Group is required to deposit with counterparties, which includes acquiring partners and card schemes, in order to transact with these institutions.

Settlement assets represent gross transaction cash at third-party acquirers, banks and processors due to be paid to the Group en route to merchant clients or to fund digital wallets.

Restricted cash balances are the excess of funds held in segregated accounts and certain liquid assets which the Group is required to maintain in respect of the e-money issued to members and merchants over the respective balances payable.

Cash held as reserves, settlement assets and restricted cash balances have increased from 31 December 2014 largely driven by the acquisition of Skrill.

Previously included in trade and other payables was a transient cash liability balance totalling $16.8m (2014: $30.6m). This item is now disclosed as a separate line on the balance sheet as merchant processing liabilities and represents gross transaction cash that has been received by the Group but not yet forwarded to the merchant. This amount reduced by 45% during the year, in part due to the right of offset becoming available for additional types of funds, which are now shown net of e-money within restricted cash.

Other liabilities

Trade and other payables increased to $88.2m from $39.1m largely related to the acquisition of Skrill.

During FY 2015, the income tax provision liability has increased from $4.8m to $11.1m, largely due to the recognition of the current tax charge. The opening and closing balances also include approximately $3.9m provided for an ongoing investigation in relation to Canadian withholding taxes, as more fully described in note 9.

Net deferred tax liabilities of $42.9m (2014: net asset of $0.8m) largely reflect deferred tax liabilities associated with intangible assets recognised on the acquisition of Skrill.

Equity

Share capital and share premium increased during FY 2015 largely as a result of issuing 272,495,506 new Ordinary Shares by way of a rights issue and subsequent rump placing, raising approximately £436m ($660m) net proceeds to fund the Skrill acquisition in May 2015. See note 7 for further detail.

Ordinary shares were also issued during the year in relation to the Skrill and FANS acquisitions, deferred share-based consideration paid on the Meritus acquisition, and the exercise of various share-based long-term employee incentive options.

Off-balance sheet arrangements

Other than as disclosed in notes 8 and 18, as at 31 December 2015 the Group had no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the consolidated financial condition, results of operations, liquidity, capital expenditures or capital resources.

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[5] In accordance with IFRS, basic and diluted earnings per share for the comparative period have been re-presented to reflect the impact of the rights issue in May 2015.

[6] Adjusted EBITDA is defined as results of operating activities before depreciation and amortisation and adjusted for exceptional non-recurring items which are defined as items of income and expense of such size, nature or incidence that, in the view of management, should be disclosed to explain the performance of the Group. See reconciliation table on page 17.

[7] Interest income of $2.8m (2014: $0.7m) is not included in fee revenue.

[8] Prior year cost of sales, gross profit and operating costs have been re-presented within the Digital Wallets division to align presentation of these costs following the acquisition of Skrill. There was no impact to adjusted EBITDA from this re-presentation.

[9] Non-recurring acquisition and restructuring costs, gains and losses on share consideration payable and forex.

[10] A reconciliation from reported profit after tax to adjusted profit after tax and related figures is shown in the earnings per share section below.

[11] Free cash flow is a non IFRS figure defined as operating cash flow after working capital movements, interest, tax and capital expenditure. In the consolidated statement of cash flows, working capital cash flow disclosure has been segmented to show movements relating to member and merchant cash which we refer to as payments working capital. Payments working capital represents cash flows that are not revenue or costs to the Group, constituted by movements in restricted cash balances, cash held as reserves, settlement assets and merchant processing liabilities.

[12] Adjustment to exclude restructuring cost accrual movements from statutory working capital movement.

[13] Adjusted cash conversion is measured as % of adjusted EBIT. Adjusted free cash flow therefore excludes one off items, interest costs, and tax.

[14] Excludes deferred finance costs as set out in note 8.

Consolidated Statements of Financial Position
As at 31 December
(in thousands of U.S. dollars)

	2015	2014
	$	$
ASSETS		
Non-current assets		
Goodwill (Note 4)	**1,178,341**	205,339
Intangible assets	**369,912**	79,384
Property, plant and equipment	**18,492**	10,114
Deferred tax assets (Note 9)	**2,524**	1,118
Total non-current assets	**1,569,269**	295,955
Current assets		
Prepaid expenses and other	**14,561**	5,286
Trade and other receivables (Note 5)	**31,198**	14,712
Cash held as reserves	**14,473**	8,758
Restricted cash (Note 6)	**29,070**	8,776
Settlement assets	**51,868**	29,849
Cash and cash equivalents	**117,875**	109,892
Total current assets	**259,045**	177,273
Total assets	**1,828,314**	473,228
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	**95**	46
Share premium	**932,995**	86,935
Capital redemption reserve	**0**	0
Equity reserve on share option issuance	**41,400**	27,311
Translation reserve	**(2,322)**	(968)
Retained earnings	**102,399**	94,996
Total shareholders' equity	**1,074,567**	208,320
LIABILITIES		
Non-current liabilities		
Long-term debt (Note 8)	**493,306**	107,205
Deferred tax liability (Note 9)	**45,421**	325
Share consideration payable	**40,660**	42,968
Contingent consideration (Note 17)	**2,084**	-
Deferred consideration payable (Note 17)	**1,104**	-
Derivative financial liability (Note 18)	**229**	-
Total non-current liabilities	**582,804**	150,498
Current liabilities		
Current portion of long-term debt (Note 8)	**30,907**	20,579
Share consideration payable	**21,726**	14,322
Contingent consideration (Note 17)	**-**	5,000
Deferred consideration payable (Note 17)	**2,208**	-
Taxes payable	**11,130**	4,837
Trade and other payables (Note 10)	**88,214**	39,081
Merchant processing liabilities	**16,758**	30,591
Total current liabilities	**170,943**	114,410
Total Shareholders' equity and liabilities	**1,828,314**	473,228

Accompanying notes form part of these consolidated financial statements

These financial statements were approved and authorized for issue by the Board of Directors and signed on its behalf by;

Joel Leonoff
President & Chief Executive Officer

Brian McArthur-Muscroft
Chief Financial Officer & Executive Director

Consolidated Statements of Comprehensive Income
For the years ended 31 December
(in thousands of U.S. dollars, except per share data)

	2015	2014
	$	$
Revenue		
Payment Processing fees	**375,077**	274,713
Digital Wallets fees	**159,135**	89,572
Prepaid fees	**76,400**	-
Investment income	**2,780**	669
	613,392	364,954
Cost of sales		
Payment Processing expenses	**236,545**	162,256
Digital Wallets expenses	**43,137**	25,042
Prepaid expenses	**37,240**	-
	316,922	187,298
Gross profit (Note 11)	**296,470**	177,656
Non fee expenses		
Salaries and employee expenses	**89,762**	54,786
Other administrative expenses	**68,234**	45,081
Depreciation and amortisation	**51,262**	20,987
Acquisition costs (Note 17)	**29,434**	11,569
Restructuring costs (Note 15)	**8,238**	-
Foreign exchange loss	**9,653**	3,019
Net fair value loss/(gain) on share consideration payable	**13,598**	(18,800)
Loss on disposal of assets	**63**	12
Results from operating activities	**26,226**	61,002
Net finance costs (Note 12)	**14,418**	2,024
Profit for the year before tax	**11,808**	58,978
Income tax expense (Note 9)	**4,405**	1,303
Profit for the year after tax attributable to owners of the Group	**7,403**	57,675
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences on foreign operations, net of income tax	**(1,354)**	883
Total comprehensive income for the year attributable to owners of the Group	**6,049**	58,558
Basic earnings per share (Note 13)	**$0.02**	$0.21
Fully diluted earnings per share (Note 13)	**$0.02**	$0.19

Accompanying notes form part of these consolidated financial statements.

The Directors consider that all results derive from continuing operations.

Consolidated Statements of Changes in Equity
For the years ended 31 December
(in thousands of U.S. dollars)

	SHARE CAPITAL – ORDINARY SHARES $	SHARE CAPITAL – DEFERRED SHARES $	TOTAL SHARE CAPITAL $	SHARE PREMIUM $	EQUITY RESERVE ON SHARE OPTION ISSUANCE $	TRANSLATION RESERVE ON FOREIGN OPERATIONS $	CAPITAL REDEMPTION RESERVE $	RETAINED EARNINGS $	TOTAL $
Balance as at 1 January 2015	28	18	**46**	**86,935**	**27,311**	**(968)**	**0**	**94,996**	**208,320**
Profit for the year								**7,403**	**7,403**
Other comprehensive income	-	-	**-**	-	-	**(1,354)**	**-**	**-**	**(1,354)**
Total comprehensive income	-	-	**-**	-	-	**(1,354)**	**0**	**7,403**	**6,049**
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Share option expense (Note 14)	-	-	**-**	-	**14,089**	-	-	-	**14,089**
Issue of shares (Note 7)	42	-	**42**	**701,711**	-	-	-	-	**701,753**
Share issuance costs (Note 7)	-	-	**-**	**(41,636)**	-	-	-	-	**(41,636)**
Shares issued on acquisitions (Note 17)	7	-	**7**	**185,985**	-	-	-	-	**185,992**
Balance as at 31 December 2015	77	18	**95**	**932,995**	**41,400**	**(2,322)**	**0**	**102,399**	**1,074,567**
Balance as at 1 January 2014	26	18	44	77,054	19,037	(1,851)	0	37,321	131,605
Profit for the year								57,675	57,675
Other comprehensive income	-	-	**-**	-	-	883	-	-	883
Total comprehensive income	-	-	**-**	-	-	883	-	57,675	58,558
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Share option expense (Note 14)	-	-	**-**	-	8,274	-	-	-	8,274
Issue of shares (Note 7)	2	-	**2**	9,881	-	-	-	-	9,883
Balance as at 31 December 2014	**28**	**18**	**46**	**86,935**	**27,311**	**(968)**	**0**	**94,996**	**208,320**

Accompanying notes form part of these consolidated financial statements

Consolidated Statements of Cash Flows
For the years ended 31 December
(in thousands of U.S. dollars)

	2015	2014
	$	$
OPERATING ACTIVITIES		
Profit for the year before tax	**11,808**	58,978
Adjustments for non-cash items:		
Depreciation and amortisation	**51,319**	21,085
Unrealised foreign exchange (gain)/loss	**(4,766)**	5,762
Acquisition costs (Note 17)	**29,434**	11,569
Net fair value loss/(gain) on share consideration payable	**13,598**	(18,800)
Share option expense (Note 14)	**14,089**	8,274
Interest expense	**12,204**	1,996
Loss on disposal of assets	**63**	12
Cash flows from operations before movements in working capital	**127,749**	88,876
Increase in trade and other receivables	**(4,249)**	(6,559)
Increase in prepaid expenses and other	**(1,020)**	(657)
(Decrease)/increase in trade and other payables	**(774)**	7,995
Cash flows from operations before movements in payments working capital	**121,706**	89,655
Increase in restricted cash	**(16,496)**	(3,635)
Increase in settlement assets	**(9,524)**	4,401
Decrease in cash held as reserves	**(2,009)**	(1,583)
Decrease in merchant processing liabilities	**(13,833)**	(45,971)
	79,844	42,867
Taxes paid	**(4,929)**	(1,564)
Net cash flows from operating activities	**74,915**	41,303
INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(5,708)**	(3,265)
Purchase of intangible assets	**(18,013)**	(7,829)
Proceeds from disposal of property, plant & equipment	**177**	0
Acquisition costs	**(26,524)**	(11,513)
Contingent consideration paid	**(5,000)**	-
Business acquisitions	**(1,070,723)**	(157,680)
Net cash flows used in investing activities	**(1,125,791)**	(180,287)
FINANCING ACTIVITIES		
Equity issuance (Note 7)	**660,116**	366
Proceeds from long-term debt (Note 8)	**524,835**	141,000
Repayment of long-term debt (Note 8)	**(127,000)**	(14,000)
Repayment of obligations under capital lease	**(746)**	(601)
Interest paid	**(8,403)**	(1,874)
Net cash flows from financing activities	**1,048,802**	124,891
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**(2,074)**	(14,093)
EFFECT OF MOVEMENT IN FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**5,715**	(6,639)
TRANSLATION OF FOREIGN OPERATIONS	**4,342**	1,334
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	**109,892**	129,290
CASH AND CASH EQUIVALENTS, END OF PERIOD	**117,875**	109,892

Accompanying notes form part of these consolidated financial statements

1. REPORTING ENTITIES

NETELLER plc was a private company incorporated under the laws of the Isle of Man ("IOM") on 31 October 2003 and was registered as a public company on 1 April 2004. NETELLER plc changed its name to NEOVIA Financial Plc on 17 November 2008. On 1 March 2011 NEOVIA Financial Plc changed its name to Optimal Payments Plc. On 10 November 2015, Optimal Payments Plc changed its name to Paysafe Group Plc (the "Company"). The principal activities of the Company and its subsidiaries (together referred to as "the Group") are described in Note 2. The Group includes the Company and its wholly owned subsidiaries.

At 31 December 2015, the Group had 1,578 employees (31 December 2014: 712 employees).

2. NATURE OF OPERATIONS

The Group provides services to businesses and individuals to allow the online processing of direct debit, credit card and alternative payments. Included within the Group's suite of products and services are digital wallets which act as a store of value for e-money, and prepaid vouchers. Paysafe Financial Services Limited (formerly Optimal Payments Limited) (FRN:900015), Skrill Limited (FRN:900001), and Prepaid Services Company Limited (FRN:900021), all wholly-owned subsidiaries of Paysafe Group plc, are authorised by the United Kingdom's Financial Conduct Authority under the Electronic Money Regulations 2011 for the issuing of electronic money and payment instruments. Skrill International Payments Limited (FRN:536371), a wholly-owned subsidiary, is regulated by the Financial Conduct Authority as a payment institution. Paysafe Merchant Services Limited (formerly Optimal Payments Merchant Services Limited), a wholly-owned subsidiary, is licensed by the Financial Supervision Commission of the Isle of Man (Ref. 1357) to carry on money transmission services, and Paysafecard.com Schweiz GmbH, a wholly-owned subsidiary, is licensed by the Swiss Financial Market Authority as a financial intermediary.

3. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with applicable IOM law and International Financial Reporting Standards ("IFRS") as adopted by the EU.

The consolidated financial statements were authorised for issue by the Board of Directors on **15** March 2016.

Statement of going concern

These consolidated financial statements of the Group have been prepared on the going concern basis, as the Board of Directors are satisfied that the Group has the resources to continue in business for the foreseeable future. In making this assessment, the Directors have considered a wide range of information relating to present and future conditions, including future projections of profitability, cash flows and capital resources. The Directors have a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future.

The Group borrowed €500,000,000 ($548,200,000) in August 2015 to finance the acquisition of the Skrill Group ("Skrill"), one of Europe's leading digital payments businesses. The acquisition is expected to enhance earnings for the Group and expand it's international market share, and the Group has demonstrated it has sufficient financial resources in place to meet its new debt requirements.

The Group's principal activities, business and operating models, strategic direction and key and emerging risks are described in the CEO's Review, Business Overview and Risk Management sections. A financial summary, including a review of the consolidated statement of comprehensive income and consolidated statement of financial position, is provided in the Chief Financial Officer's Review section. The Group's objectives, policies and processes for managing credit, liquidity and market risk along with the Group's approach to capital management and allocation are described in Note 18 of the financial statements.

3. BASIS OF PREPARATION (continued)

Use of estimates and judgements

The preparation of the Group's financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, contingencies and the accompanying disclosures at the date of the Group's consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimated. By their nature, these estimates and judgements are subject to estimation uncertainty and the effect on the Group's financial statements of changes in estimates in future periods could be significant.

Significant estimates and judgements in the Group's financial statements include impairment testing of long-lived assets, share based payments, and business combinations.

Impairment testing of long-lived assets requires an estimation of the value in use of the cash-generating units to which the assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to determine present value.

The fair value of share consideration payable is determined by using valuation techniques that take into consideration market inputs such as share price and and volatility.

Business combinations require an estimation of the fair value of the acquired assets and liabilities assumed. The fair value of intangible assets is estimated using the future cash flows expected to arise from the acquired business and a suitable discount rate in order to determine present value.

Functional and presentation currency

These consolidated financial statements are presented in United States (US) dollars, which is the functional currency of the Group.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities, which have been measured at fair value.

Change in presentation

Presentation of certain items in the consolidated financial statements have been changed in order to provide more reliable and relevant information, and the prior period presentation has been changed accordingly.

The Digital Wallets fee expenses have been restated to include certain promotional costs which had previously been included as non fee expenses, but have been reclassed to cost of sales as they vary directly with the fee revenue.

Cash and cash equivalents have been adjusted to include two new items, settlement assets and cash held as reserves, which are now separately disclosed in consolidated financial statement of financial position to provide a more accurate representation of the cash immediately available to the business. Cash held as reserves also includes processor and card scheme deposits that were previously disclosed in prepaid expenses and other.

Trade and other payables have been adjusted to include the digital wallets loyalty program liability and liabilities on merchants which were previously disclosed as separate items in the consolidated financial statements of financial position. In addition, merchant processing liabilities which were previously included in trade and other payables are now presented as a separate item.

Computer software previously presented as part of property, plant and equipment has been reclassified to intangible assets as this better represents the nature of the assets.

4. GOODWILL

The Group had the following balances by CGU:

	Payment Processing $	Digital Wallets $	Prepaid $	Group $
Cost				
Balance at 1 January 2014	30,492	-	-	30,492
Additions during the year	174,847	-	-	174,847
Balance at 31 December 2014	205,339	-	-	205,339
Additions during the year (Note 17)	3,375	598,820	375,936	**978,131**
Foreign exchange	-	(3,151)	(1,978)	**(5,129)**
Balance at 31 December 2015	208,714	595,669	373,958	**1,178,341**
Carrying amount				
As at 31 December 2014				205,339
Carrying amount				
As at 31 December 2015				1,178,341

The Group performs goodwill asset impairment tests at least annually or whenever events or changes in circumstances indicate that the carrying value of goodwill for a CGU might not be recoverable. The recoverable amount is defined as the higher of fair value less costs to sell and value in use.

Key assumptions used in the calculation of recoverable amounts are discount rates and EBITDA growth rates. The values assigned to the key assumptions represent management's assessment of future trends in the e-commerce industry impacting the payment processing business and are based on both external and internal sources (historical data). The key assumptions were as follows:

	Payment Processing	Digital Wallets	Prepaid
As at December 31, 2015			
Discount rate	16%	16%	16%
Terminal value growth rate	1.35%	1.35%	1.35%
Budgeted EBITDA growth rate (5 years)	5%	5%	5%

	Payment Processing	Digital Wallets	Prepaid
As at December 31, 2014			
Discount rate	5%	-	-
Terminal value growth rate	1.35%	-	-
Budgeted EBITDA growth rate (5 years)	5%	-	-

The discount rate is an estimate based on past experience and the expected average weighted average cost of capital. The increase in the discount rate reflects the changes in the structure of the Group subsequent to the acquisitions that took place during the year (Note 17) and the associated financing.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity was determined based on management's estimate of the terminal value growth rate in EBITDA, which management believed was consistent with the assumption that a market participant would make. Budgeted EBITDA was based on expectation of future outcomes taking into account past experiences.

No impairment indicators were identified during the year ended 31 December 2015.

5. TRADE AND OTHER RECEIVABLES

The Group had the following balances:

	As at 31 December 2015 $	As at 31 December 2014 $
Trade receivables	**17,991**	13,597
Other receivables[1]	**8,689**	1,115
Receivable from related party (Note 17)	**4,518**	-
	31,198	14,712

[1]Other receivables are primarily composed of sales taxes receivable.

6. RESTRICTED CASH

The Group had the following balances:

	As at 31 December 2015 $	As at 31 December 2014 $
Segregated account funds and liquid assets	**1,055,368**	245,709
Payables to members and merchants	**(1,026,298)**	(236,933)
	29,070	8,776

7. SHARE CAPITAL

	As at 31 December 2015 £	As at 31 December 2014 £
Authorised:		
600,000,000 ordinary shares of £0.0001 per share (At 31 December 2014: 200,000,000 ordinary shares of £0.0001 per share)	**60**	20
1,000,000 deferred shares of £0.01 per share (At 31 December 2014: 1,000,000 deferred shares £0.01 per share)	**10**	10
Issued and fully paid:	**$**	$
479,656,395 ordinary shares of £0.0001 per share (At 31 December 2014: 163,019,614 ordinary shares of £0.0001 per share)	**77**	28
1,000,000 deferred shares of £0.01 per share (At 31 December 2014: 1,000,000 deferred shares of £0.01 per share)	**18**	18
Total share capital	**95**	46

Holders of the ordinary shares are entitled to receive dividends and other distributions, to attend and vote at any general meeting, and to participate in all returns of capital on winding up or otherwise.

Holders of the deferred shares are not entitled to vote at any annual general meeting of the Company and are only entitled to receive the amount paid up on the shares after the holders of the ordinary shares have received the sum of £1,000,000 for each ordinary share held by them and shall have no other right to participate in assets of the Company.

	Ordinary shares		Deferred shares	
	Number	Carrying value	Number	Carrying value
		$		$
Outstanding at 1 January 2014	151,104,164	26	1,000,000	18
Conversion of shareholder loan	8,678,909	2	-	-
Exercise of share options – ESOS (Note 14)	389,950	0	-	-
Exercise of share options – LTIP (Note 14)	2,846,591	0	-	-
Outstanding at 31 December 2014	163,019,614	28	1,000,000	18
Issued for cash	272,495,506	42	-	-
Exercise of share options – ESOS (Note 14)	485,795	0	-	-
Exercise of share options – LTIP (Note 14)	2,340,364	0	-	-
Issued in business combination	41,315,116	7	-	-
Outstanding at 31 December 2015	479,656,395	77	1,000,000	18

Issue of ordinary shares

The Company raised total gross proceeds of approximately £463,000,000 (approximately £436,000,000 net of expenses of the Rights Issue) (approximately $702,000,000 and $660,000,000 respectively) through the issue of 272,495,506 New Ordinary Shares by way of the Rights Issue and the subsequent Rump Placing.

Pursuant to the Rights Issue, 263,685,643 New Ordinary Shares were issued by way of rights to Qualifying Shareholders (other than, subject to certain exceptions, to Excluded Shareholders) to subscribe for New Ordinary Shares at an Offer Price of 166 pence per New Ordinary Share payable in full on acceptance by no later than 11.00 a.m. on 1 May 2015. The Offer Price represents:

- a 34 per cent discount to the theoretical ex-rights price of an Existing Ordinary Share, when calculated by reference to the volume weighted average price of 398 pence per Existing Ordinary Share during the 5 day period between 16 March 2015 and 20 March 2015 (being the last practicable Business Day before the announcement of the Rights Issue);
- a 36 per cent discount to the theoretical ex-rights price of an Existing Ordinary Share, when calculated by reference to the Closing Price of 419 pence per Existing Ordinary Share on 20 March 2015; and
- a 60 per cent discount to the Closing Price of 419 pence per Existing Ordinary Share on 20 March 2015.

The Rights Issue was made on the basis of 5 New Ordinary Shares at 166 pence per New Ordinary Share for every 3 Existing Ordinary Shares held by and registered in the name of each Qualifying Shareholder at 5.00 p.m. on the Record Date, and in proportion to any other number of Existing Ordinary Shares each Qualifying Shareholder then holds.

An additional 8,809,863 New Ordinary Shares were issued at a price of 290 pence per New Ordinary Share by way of a Rump Placing to subscribers for shares not validly taken up in the Rights Issue.

Additionally, 2,826,159 ordinary shares were issued during the year ended 31 December 2015 as a result of the exercise of vested options under the ESOS and LTIP plans (see Note 14).

611,663, 3,210,400 and 37,493,053 ordinary shares were also issued during the year ended 31 December 2015 as a result of the acquisition of FANS Entertainment Inc., Meritus Payment Solutions and Skrill Group, respectively (see Note 17).

8. LONG-TERM DEBT

The Group had the following balances:

	As at 31 December 2015	As at 31 December 2014
	$	$
Term facility[1,2]	**-**	90,000
Revolving facility[1,3]	**-**	37,000
Term A facility[3]	**293,459**	-
Term B facility[3]	**230,355**	-
Obligations under finance lease	**399**	784
Total long-term debt	**524,213**	127,784
Current portion of long-term debt	**30,907**	20,579
	493,306	107,205

[1] The Group's credit facility of $150,000,000 provided by Bank of Montreal was fully refinanced on 10 August 2015. Prior to refinancing, the credit facility consisted of a $100,000,000 term facility and a $50,000,000 revolving facility. The term facility bore interest at US prime rate plus a premium varying from 0.25% to 1.50% or at a LIBO rate plus a premium varying from 1.75% to 3.00%, and was repayable in quarterly instalments of $5,000,000 starting in September 2014 up to the original maturity date of 23 July 2017. The revolving facility had no specified terms of repayment and it bore interest and matured on the same basis as the term facility. Amounts of $100,000,000 and $41,000,000 were drawn down from the term facility and revolving facility, respectively, on 23 July 2014 in order to fund the Meritus and GMA acquisitions (Note 17 iii)). For the year ended 31 December 2015, principal repayments amounted to $90,000,000 and $37,000,000 on the term facility and revolving facility, respectively (31 December 2014 - $10,000,000 and $4,000,000 respectively).

[2]On 23 March 2015, the Group entered into certain forward exchange contracts to hedge its cash flow exposure with respect to currency fluctuations between the cash raised through the Rights Offering in Great British Pound ("GBP") vs the principal repayable on the credit facility for the anticipated business acquisition (Note 17 i)). The forward exchange contracts entered into included commitments to buy $82,000,000 in exchange for GBP at varying rates ranging from 1.47947 to 1.47344 (GBP:USD) between the period of 11 May 2015 and 23 September 2015. The contracts included a variable timing settlement feature to allow for the then unknown completion date of the transaction, which was 10 August 2015 as disclosed above. The contracts were contingent upon completion of the acquisition and would otherwise expire at no cost to the Group in the event the transaction had not completed.

[3]The Group's new credit facility provided by BMO Capital Markets, Barclays Bank PLC and Deutsche Bank Luxembourg S.A. consists of a €280,000,000 Term A and €220,000,000 Term B facility, as well as an $85,000,000 revolving facility. The Term A facility bears interest at a EURIBOR rate plus a margin varying from 2.75% to 3%, and is repayable in bi-annual instalments starting in February 2016 up to the maturity date of 10 August 2020. The Term B facility bears interest at a EURIBOR rate plus a margin varying from 3.75% to 4%, and is repayable at the discretion of the group before the maturity date of 10 August 2022. The Group has classified the entire Term B balance as long-term as it is not anticipating making any repayments in the following twelve months. The revolving facility is interest bearing at a LIBOR rate plus a margin varying from 1.75% to 2.75% and has no specified terms of repayment. An arrangement fee of $1,488,000 was paid for the revolving facility and a ticking fee of 35% of the applicable margin is applied to the unutilised revolver amount on an ongoing basis. The group has not drawn down on the revolving facility since it was made available but has utilised part of the facility to issue letters of credit in the ordinary course of business. Amounts of €280,000,000 and €220,000,000 were drawn down from the Term A and Term B facilities respectively on 10 August 2015, less financing fees of €11,931,000 ($13,012,000) and €9,492,000 ($10,352,000) respectively, to fund the Skrill acquisition (Note 17 i)).

The credit facility is secured by virtually all of the assets of the Group, with the exception of restricted cash (Note 6). The security includes share pledges and guarantees from certain subsidiaries within the Group.

As at 31 December 2015, the Group has approximately $8,720,000 outstanding in issued letters of guarantee in relation to various performance bonds drawn from the revolving facility.

Under the terms of the loan agreement, the Group must satisfy certain restrictive covenants including minimum financial ratios. These restrictions are composed of ratios of funded debt to EBITDA, funded debt to capitalization and fixed charge coverage ratio. EBITDA, a non-IFRS measure, is defined in the credit facility on a consolidated basis, as total comprehensive profit attributable to the owners of the Group before interest expense, income taxes, depreciation, amortization, gains or losses from asset dispositions, gains or losses from extraordinary items and non-recurring transaction costs related to the acquisition of Meritus and GMA, non-cash share option expenses and gains or losses relative to foreign exchange or derivative instruments, plus (or minus) the historical EBITDA of any businesses acquired (or sold) during the reporting period. The group's first covenant compliance certificate is due by 30 May 2016 and will report on covenant compliance at 31 December 2015 and 31 March 2016.

Principal repayments on the credit facilities over the forthcoming years, excluding financing fees of $21,630,000, are as follows:

	$
Less than one year	**30,538**
Between one and two years	**30,538**
Between two and five years	**244,300**
Beyond five years	**239,939**
Total principal payments on long-term debt	**545,315**

Minimum finance lease payments are as follows:

	Principal $	Interest $	Payments $
Less than one year	**369**	**16**	**385**
Between one and two years	**30**	**1**	**31**
Total minimum finance lease payments	**399**	**17**	**416**

9. TAX

The Company is incorporated in the IOM and is subject to a tax rate of zero percent. No provision for IOM taxation is therefore required. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group charge for the year can be reconciled to the profit shown per the consolidated statement of comprehensive income as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Tax recognised in profit	**$**	$
Current tax		
Current year	**6,992**	1,986
Adjustment for prior years	**(172)**	(710)
	6,820	1,276
Deferred tax		
Current year	**(2,415)**	(24)
Adjustment for prior years	**-**	51
	(2,415)	27
Total tax expense	**4,405**	1,303
Reconciliation of effective tax rate		
Isle of Man corporate tax rate	**0.0%**	0.0%
Adjustment from prior years	**1.4%**	(1.1%)
Expenses not deductible for tax purposes	**58.0%**	6.6%
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(22.5)%**	(3.3%)
Current year's tax expense as a % of profit before tax	**37.3%**	2.2%

At 31 December 2015, foreign taxes of $13,274,000 (31 December 2014: $4,045,000) were outstanding.

A total liability of approximately $3,900,000 remains outstanding as at 31 December 2015 in relation to an ongoing investigation by the Canadian Revenue Agency ("CRA") regarding Canadian withholding taxes which are deemed to have arisen on the relocation of assets to the Isle of Man from Canada in the 2004 and 2005 taxation years. This liability represents management's estimate of the maximum amount the Group is likely to be required to pay in respect of such withholding taxes and interest.

Movement in deferred tax balances:

	Net balance as at 1 January $	**Recognised in profit or loss $**	**Business Acquisition (Note 17 i)) $**	**Net $**	**As at 31 December 2015 Deferred Tax Asset $**	**Deferred Tax Liability $**
Property, plant and equipment	**(325)**	**(5,315)**	**4,852**	**(788)**	**759**	**(1,547)**
Intangible assets	**885**	**7,033**	**(50,957)**	**(43,039)**	**835**	**(43,874)**
Carryforward tax losses	**92**	**712**	**-**	**804**	**804**	**-**
Deferred stock options	**141**	**(15)**	**-**	**126**	**126**	**-**
Deferred tax	**793**	**2,415**	**(46,105)**	**(42,897)**	**2,524**	**(45,421)**

	Net balance as at 1 January $	Recognised in profit or loss $	Net $	As at 31 December 2014 Deferred Tax Asset $	Deferred Tax Liability $
Property, plant and equipment	(371)	46	(325)	-	(325)
Intangible assets	898	(13)	885	885	-
Carryforward tax losses	293	(201)	92	92	-
Deferred stock options	-	141	141	141	-
Deferred tax	820	(27)	793	1,118	(325)

Deferred tax assets have not been recognised in respect of carryforward tax losses amounting to approximately $1,644,000 (31 December 2014: $1,714,000) in certain companies within the Group since it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

10. TRADE AND OTHER PAYABLES

The Group had the following balances:

	As at 31 December 2015 $	As at 31 December 2014 $
Accounts payable	**18,783**	7,694
Accrued liabilities	**54,324**	26,081
Payroll liabilities	**11,035**	2,963
Digital Wallets loyalty program liability	**1,068**	1,160
Provision for merchant losses	**3,004**	1,183
	88,214	39,081

The net charge for the provision for merchant losses included in the consolidated statement of comprehensive income can be reconciled as follows:

	$
Balance at 1 January 2014	734
Provisions made during the year	450
Provisions used during the year	-
Balance at 31 December 2014	1,184
Provisions made during the year	**2,583**
Provisions used during the year	**(763)**
Balance at 31 December 2015	**3,004**

11. OPERATING SEGMENTS

Following the acquisition of Skrill (Note 17 i)), the Group has revised its operating segments as disclosed below which are based on the Group's main revenue generating activities. For each of the segments, the Group's CEO reviews internal management reports to a gross margin level on a monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Digital Wallets: fees are generated on transactions between Members and Merchants using the NETELLER service and Net+ prepaid cards, and the Skrill and Skrill prepaid cards.

Payment Processing: fees are generated through the PAYSAFE and PAYSAFE Asia straight-through processing platforms where customers send money directly to Merchants, as well as Payolution's online payment services, and the FANS white label technology solutions and consulting services.

Prepaid: fees are generated from merchants accepting payments made using paysafecard prepaid vouchers.

Information regarding the results of each reportable segment is included below;

Segmented reporting for the year ended 31 December 2015:

	Payment Processing	**Digital Wallets**	**Prepaid**	**Total**
	$	**$**	**$**	**$**
Revenue	**375,077**	**159,135**	**76,400**	**610,612**
Cost of sales				
Variable costs	**231,782**	**37,879**	**36,736**	**306,397**
Bad debts	**4,763**	**5,258**	**504**	**10,525**
Total cost of sales	**236,545**	**43,137**	**37,240**	**316,922**
Gross margin	**138,532**	**115,998**	**39,160**	**293,690**
Gross margin percentage	**37%**	**73%**	**51%**	**48%**

Segmented reporting for the year ended 31 December 2014:

	Payment Processing	Digital Wallets	Prepaid	Total
	$	$	$	$
Revenue	274,713	89,572	-	364,285
Cost of sales				
Variable costs	161,788	23,330	-	185,118
Bad debts	468	1,712	-	2,180
Total cost of sales	162,256	25,042	-	187,298
Gross margin	112,457	64,530	-	176,987
Gross margin percentage	*41%*	*72%*	-	*49%*

Investment income of $2,780,000 (2014: $669,000) is excluded from the measure of segment revenue and non fee expenses of $270,244,000 (2014: $116,654,000) and finance costs of $14,418,000 (2014: $2,024,000) are excluded from the measure of segment profit as these are not considered by management when assessing the performance of the segments.

Processing costs and bad debts are the only two costs which vary directly with revenue, and accordingly have been shown separately. For the year ended 31 December 2015, cost of sales for Digital Wallets, Payment Processing and Prepaid were 27% (2014: 28%), 63% (2014: 59%) and 49% (2014: nil) of revenue, respectively.

Geographic Information

Net assets have not been presented in the segmented information since significant assets and resources throughout the Group are not regularly reviewed by management at a segment level since they serve all reporting segments.

The following table shows revenue information based on the location of the transaction:

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Europe	**201,801**	77,908
North America	**217,213**	98,753
Rest of the World	**191,598**	187,624
	610,612	364,285

Major Merchants

The Group has one merchant who represented 23% of total fee revenue for the year ended 31 December 2015 (2014: 36.7%) across all reportable segments and geographies. The majority of this revenue comes from Asia.

12. FINANCE INCOME AND COSTS

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Interest income on rights offering proceeds (Note 7)	**(632)**	-
Interest on long-term debt	**10,051**	2,024
Amortization of financing fees	**2,153**	-
Other finance costs	**2,846**	-
Net Finance costs	**14,418**	2,024

13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Profit		
Profit attributable to equity shareholders of the parent – basic	**7,403**	57,675
Interest charge for conversion of shareholder loan	**-**	34
Profit attributable to equity shareholders of the parent – diluted	**7,403**	57,709
Number of shares		
Weighted average number of ordinary shares outstanding – basic	**399,782,165**	277,758,239
Effect of dilutive potential ordinary shares due to employee share options	**11,801,172**	15,233,802
Convertible shareholder loan	**-**	783,387
Share consideration payable	**13,653,725**	13,766,959
Weighted average number of ordinary shares outstanding – diluted	**425,237,062**	307,542,387
Earnings per share		
Basic earnings per share	**$0.02**	$0.21
Fully diluted earnings per share	**$0.02**	$0.19

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

The conversion of shareholder loans relate to two shareholders, Aurum Nominees Ltd and IIU Nominees Ltd, who gave notice to the Company in January 2014 that they each wished to convert their shareholder loans amounting to $9,525,814 (including accrued interest) into ordinary shares pursuant to the loan agreement. As a result, in January 2014, the Company issued 4,348,503 and 4,330,406 Ordinary Shares to Aurum Nominees Ltd. and IIU Nominees Ltd. respectively.

14. SHARE BASED PAYMENTS

The Company adopted the unapproved equity-settled share option plan ("ESOS") pursuant to a resolution passed on 7 April 2004 and amended by the Board on 15 September 2008. The 2008 amendment included the addition of a new 'approved' plan for UK based employees. Under the 'approved' and 'unapproved' plans, the Board of Directors of the Company may grant share options to eligible employees including Directors of Group companies to subscribe for ordinary shares of the Company. The ESOS options granted vest on the third anniversary of the date of grant and lapse a further six months after vesting.

No consideration is payable on the grant of an option. Options may generally be exercised to the extent that they have vested. Options vest according to the relevant schedule over the grant period following the date of grant. The exercise price is determined by the Board of Directors of the Company, and shall not be less than the average quoted market price of the Company shares on the three days prior to the date of grant. Subject to the discretion of the Board share options are forfeited if the employee leaves the Group before the options vest.

The Company also adopted the Long Term Incentive Plan ("LTIP") which took effect from 1 January 2010 to eligible employees including Directors of Group companies to subscribe for ordinary shares of the Company. These LTIP options vest in one tranche based on future performance related to EBITDA targets determined each year and subject to continued employment over the remaining vesting period. Vested options lapse on the tenth anniversary of the date of grant. On 9 July 2014, the board granted 3,000,000 "special" LTIP options which vest in three tranches based on future performance related to share price targets.

No consideration is payable on the grant of an option. Options may generally be exercised to the extent that they have vested. Options vest according to the relevant schedule over the grant period following the date of grant. The exercise price is determined by the Board of Directors of the Compnay. Subject to the discretion of the Board share options are forfeited if the employee leaves the Group before the options vest.

For the year ended 31 December 2015, the Group recognised total expenses of $14,089,000 (2014: $8,274,000) related to share-based payments transactions which are included in salaries and employee expenses.

Changes in the number of ESOS and LTIP options outstanding are detailed in the tables below:

ESOS

	Year ended 31 December 2015		Year ended 31 December 2014	
	Weighted Average Exercise Price £	**Options**	Weighted Average Exercise Price £	Options
Outstanding at the beginning of the year	**1.73**	**1,456,750**	0.85	1,564,250
Granted during the year	**2.25**	**1,413,050**	3.35	495,500
Forfeited during the year	**2.40**	**(288,767)**	1.15	(213,050)
Exercised during the year	**1.50**	**(485,795)**	0.57	(389,950)
Outstanding at the end of the year	**2.18**	**2,095,238**	1.73	1,456,750
Exercisable at the end of the year	**0.57**	**108,624**	0.57	390,000

The ESOS options outstanding at the end of the period had a weighted average exercise price of £2.18(31 December 2014: £1.73) and a weighted average remaining contractual life of 1.63 years (31 December 2014: 1.66 years). The weighted average share price of ESOS options exercised in the year based on the date of exercise was £3.81 (31 December 2014: £3.95).

During the year, 762,797 additional options were granted to holders of ESOS options previously granted as a result of the Rights Offering (Note 7).

LTIP

	Year ended 31 December 2015		Year ended 31 December 2014	
	Weighted Average Exercise Price £	**Options**	Weighted Average Exercise Price £	Options
Outstanding at the beginning of the year	**0.0001**	**6,729,559**	0.0001	5,529,157
Granted during the year	**0.0001**	**8,046,625**	0.0001	4,066,993
Forfeited during the year	**0.0001**	**(266,658)**	0.0001	(20,000)
Exercised during the year	**0.0001**	**(2,340,364)**	0.0001	(2,846,591)
Outstanding at the end of the year	**0.0001**	**12,169,162**	0.0001	6,729,559
Exercisable at the end of the year	**0.0001**	**2,071,615**	0.0001	674,800

The LTIP options outstanding at the end of the year had an exercise price of £0.0001 and a weighted average remaining contractual life of 8.0 years (31 December 2014: 8.8 years). The weighted average share price of LTIP options exercised in the year based on the date of exercise was £3.20 (31 December 2014: £4.33).

During the year, 4,737,050 additional options were granted to holders of LTIP options previously granted as a result of the Rights Offering (Note 7).

Assumptions used in ESOS and LTIP options pricing model

The fair value of options granted under the ESOS was determined using the Black-Scholes pricing model that takes into account factors specific to this plan, such as the expected life and vesting period. The following table shows the principal assumptions used in the valuation:

	Year ended 31 December 2015	Year ended 31 December 2014
Weighted average exercise price	£2.59	£3.35
Expected volatility	45.0%	40.0%
Expected life	3.25 years	3.25 years
Risk free interest rate	0.97%	0.92%
Dividend yield	0%	0%
Weighted average fair value per option granted	£1.02	£1.00

The fair value of the "special" options granted under the LTIP was determined using a bespoke Monte Carlo pricing model that takes into account the market-based performance conditions specific to this plan.

The following table shows the principal assumptions used in the valuation:

	Year ended 31 December 2015	Year ended 31 December 2014
Weighted average exercise price	£0.00	£0.00
Expected volatility	45.0%	41.9%
Expected life	2.72 years	2.31 years
Risk free interest rate	0.89%	1.20%
Dividend yield	0%	0%
Weighted average fair value per option granted	£2.75	£3.49

Expected volatility was determined by calculating the historical volatility of the Group's share price from the time of issue to the date of grant.

Due to the nominal exercise price of the LTIP options and that option holders are entitled to receive a benefit by reference to the value of dividends that would have been paid on vested shares during the vesting period, the regular options granted under the 2014 LTIP were valued based on the share price at the date of grant.

15. RESTRUCTURING COSTS

The Group incurred certain restructuring costs relating to the reorganisation of its cost structure. Severance was paid to employees as a result of operational changes to the Group's business in order to streamline operations and remain competitive in challenging markets. Additional restructuring costs were incurred in the year for specific persons hired to reorganise the business and various professional fees relating to the acquisitions described in Note 17.

The Group incurred the following costs:

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Severance and retention payments	**2,028**	-
Professional fees	**6,210**	-
	8,238	-

16. ADJUSTED EBITDA

Adjusted EBITDA is defined as results of operating activities before depreciation and amortisation, non-operational items and exceptional non-recurring items which are defined as items of income and expense of such size, nature or incidence that in the view of management their disclosure is relevant to explain the performance of the Group for the year.

Adjusted EBITDA is not a financial measure calculated in accordance with IFRS as adopted by the EU. The presentation on these financial measures may not be comparable to similarly titled measures reported by other companies due to the differences in the ways the measures are calculated.

	Year ended 31 December 2015 $	Year ended 31 December 2014 $
Profit for the year before tax	**11,808**	58,978
Depreciation and amortisation	**51,262**	20,987
Finance costs (Note 12)	**14,418**	2,024
Share option expense (Note 14)	**14,089**	8,274
Foreign exchange loss	**9,653**	3,019
Loss on disposal of assets	**63**	12
Acquisition costs	**29,434**	11,569
Restructuring costs (Note 15)	**8,238**	-
Net fair value loss/(gain) on share consideration payable	**13,598**	(18,800)
Adjusted EBITDA	**152,563**	86,063

17. BUSINESS ACQUISITION

i) Skrill Group

On August 10, 2015, the Group acquired all of the interest of the Skrill Group ("Skrill") from Sentinel Group Holdings S.A., ultimately owned by funds managed and advised by subsidiaries of CVC Capital Partners SICAV-FIS S.A., Investcorp Technology Partners, and other shareholders. Skrill was one of Europe's leading digital payments businesses providing digital wallet solutions and online payment processing capabilities and one of the largest pre-paid online voucher providers in Europe with its paysafecard brand. A subsidiary of the Group, Netinvest Limited, acquired the entire issued share capital of Skrill in exchange for €720,000,000 ($799,823,000) cash and 37,493,053 New Ordinary Shares. Following completion, Sentinel Group Holdings S.A. or its shareholders owned approximately 7.9% of the enlarged Share Capital of the enlarged Group. The cash consideration was financed through a combination of available cash, new debt facilities (Note 8) and a fully underwritten Rights Issue (Note 7). The value of the equity consideration for Skrill was €153,570,000 ($168,374,000), based on the fair value of the shares on their date of issuance, which together with the cash consideration and the net debt of Skrill of €307,839,000 ($337,515,000) gives an enterprise valuation of Skrill of approximately €1.2 billion ($1.3 billion).

On 23 March 2015, the Group entered into certain forward exchange contracts to hedge its cash flow exposure with respect to currency fluctuations between the cash raised through the Rights Offering in Great Britain Pound ("GBP") vs the cash consideration payable for the anticipated business acquisition in

EURO ("EUR"). The forward exchange contracts entered into included commitments to buy €515,000,000 in exchange for GBP at varying rates ranging from 1.36308 to 1.35239 (GBP:EURO) between the period of 11 May 2015 and 23 September 2015. The contracts included a variable timing settlement feature to allow for the then unknown completion date of the transaction, which was 10 August 2015 as disclosed above. The contracts were contingent upon completion of the acquisition and would otherwise expire at no cost to the Group in the event the transaction had not completed. The contracts were settled on 10 August 2015 and the realized foreign exchange loss has been reflected in the value of the cash consideration. During the same period, the Group recognized a foreign exchange gain on the cash position raised from the Rights Offering and held in GBP in anticipation of the settlement of the forward exchange contracts described above. This foreign exchange gain has also been reflected in the value of the cash consideration.

The acquisition will be transformational and value enhancing for the Group and will create a leading payment and digital wallet provider with significant international scale and reach that is well positioned to capitalise on the substantial and growing payment processing and digital wallet markets, particularly within the rapidly expanding online gambling sector. The acquisition will further diversify the Group's merchant portfolio and geographic reach, and provides the Group with a strong financial rationale and substantial potential synergies.

The purchase price allocation shown below is preliminary and based on management's best estimates. The final purchase price is expected to be completed as soon as management has gathered all of the significant information available and considered necessary in order to finalize this allocation.

	$
Cash consideration	**799,823**
Equity consideration	**168,374**
Total estimated purchase price	**968,197**
Trade and other receivables[1]	**9,802**
Cash and cash equivalents	**67,448**
Settlement assets	**12,975**
Cash held as reserves	**3,707**
Restricted cash	**2,156**
Prepaid expenses and other	**8,242**
Property, plant and equipment	**7,736**
Trade and other payables	**(45,462)**
Taxes payable	**(4,401)**
Amounts payable to a company under common control[2]	**(2,193)**
Amounts receivable from related party[3]	**7,480**
Finite-life intangible assets	**313,051**
Deferred tax assets	**4,853**
Deferred tax liabilities	**(50,958)**
Long-term debt[4]	**(337,515)**
Deferred consideration payable[5]	**(3,480)**
Fair value of net assets acquired	**(6,559)**
Goodwill (Note 4)	**974,756**

[1] The trade and other receivables includes trade receivables with a fair value of $3,685,000 which approximates the gross amount due under the contracts less an impairment allowance of $3,465,000.

[2] Prior to acquiring Skrill, the Group made an interest-bearing loan in the amount of $2,193,000 to Skrill in support of its operating working capital requirements. Following the acquisition, the amounts were eliminated upon consolidation.

[3] At the date of acquisition, Skrill had amounts receivable from its U.S. division that was not part of the acquisition by Paysafe. As such these have been presented as receivables from a related party.

[4] The Group made a repayment of $337,152,000 on the acquired long-term debt assumed in the business acquisition.

[5] At the acquisition date Skrill had an outstanding payable to a vendor from an acquisition that had been closed in March 2015. The payable is due in three instalments over the next two years. The Group assumed this liability as part of the acquisition and has presented it in the consolidated statements of financial position as deferred consideration payable.

Skrill revenues of $137,718,000 and net loss incurred of $11,848,000 are included in the consolidated statement of comprehensive income from the date of acquisition. The Group's consolidated revenues and net loss incurred for the year ended 31 December 2015 would have included $342,478,000 and $38,954,000, respectively, had the Skrill acquisition occurred on 1 January 2015.

The Group incurred acquisition-related costs of approximately $28,831,000 during the year ended 31 December 2015 which were expensed in the period relating to this transaction.

ii) FANS Entertainment Inc.

On 22 May 2015, the Group acquired 100% of the shares of FANS Entertainment Inc. ("FANS"), a Montreal-based mobile platform developer founded in 2011, for a consideration of CAD$16,000,000 (approximately $13,000,000), payable to the vendors by issuing shares in a subsidiary of Paysafe Group PLC (the "Consideration Shares") which are exchangeable on a one-for-one basis into shares of the Company over the next three years, a portion of which are subject to the satisfaction of certain financial performance criteria. The total number of Consideration Shares issued to the vendors was 3,163,633.

The FANS Platform is a fully-integrated solution which helps venues and content providers engage their fans while monetising these services. It is a white-label, multi-level mobile wallet system including a management software and analytics suite, as well as operational and public apps. It can identify users based on mobile behaviour, providing invaluable consumption metrics.

FANS provides the Group with a proven technology platform and an experienced management team that will remain in place. FANS has leading clients in the sports and entertainment sectors in Canada and other high-profile venues and events. The acquisition further strengthens Paysafe's position in the mobile sector of the online payments industry and also provides an entry point into the events market.

The purchase price allocation was determined using the information available, evaluations obtained and fair value assessments performed by the Group's management. The following table summarises the consideration paid for FANS and the fair value of the assets acquired and liabilities assumed recognised at the acquisition date.

	$
Cash consideration	-
Fair value of Deferred consideration at acquisition date[1]	**8,598**
Fair value of Contingent consideration at acquisition date[1]	**2,084**
Total estimated purchase price	**10,682**
Trade and other receivables	**670**
Cash and cash equivalents	**278**
Prepaid expenses and deposits	**14**
Property, plant and equipment	**70**
Trade and other payables	**(313)**
Amounts payable to a company under common control [2]	**(1,112)**
Finite-life intangible assets)	**7,700**
Fair value of net assets acquired	**7,307**
Goodwill (Note 4)	**3,375**

[1] At closing date, the number of Paysage Group PLC shares equal to CAD $16,000,000 was determined to be 3,163,633 shares, of which 790,098 are contingent upon the satisfaction of certain financial performance criteria. The estimated fair value of this deferred and contingent consideration at the acquisition date was determined using liquidity discounts reflecting the lack of marketability during the lockup period. During the year ended 31 December 2015, 611,665 shares of the deferred consideration were issued for a value of $2,232,000 .

[2] Prior to acquiring FANS, the Group made an interest-bearing loan in the amount of $1,112,000 to FANS in support of its operating working capital requirements. Following the acquisition, the amounts were eliminated upon consolidation.

FANS revenues of $230,000 and net loss incurred of $839,000 are included in the consolidated statement of comprehensive income from the date of acquisition. The Group's consolidated revenues and net loss for the year ended 31 December 2015 would have included $375,000 and $1,369,000, respectively, had the FANS acquisition occurred on 1 January 2015.

The Group incurred acquisition-related costs of approximately $327,000 during the year ended 31 December 2015 which were expensed in the period relating to this transaction.

iii) Meritus and GMA

On 23 July 2014, Paysafe Group, through its subsidiaries, Paysafe Services (US) Corp and Paysafe Services (US) LLC (formerly NBX Services Corp and NetBX Services LLC respectively) acquired all of the partnership interests of Paysafe Partners L.P. (formerly TK Global Partners L.P., doing business as Meritus Payment Solutions or "Meritus"), a California based payment processing entity. The total consideration agreed upon of $210,000,000 on the closing date consisted of $150,000,000 in cash and $60,000,000 of Paysafe Group PLC shares and/or cash to be issued in equal tranches over four years commencing on the first anniversary of the closing date, subject to customary closing adjustments ("Share consideration payable"). Concurrent with the execution of the Meritus purchase agreement, Paysafe Services (US) Corp. ("the Buyer") bought all the outstanding limited and general partnership interest of Meritus ("the Seller") in Global Merchant Advisors, Inc. ("GMA"), a US based online payments company.

At closing date, the number of Paysafe Group shares equal to $60,000,000 was determined to be 8,954,621 shares, and the estimated fair value of this share consideration payable determined through single-factor Monte Carlo valuation model was $76,090,000.

On the same date, Paysafe Services (US) LLC acquired the trade and assets of GMA for $15,000,000 in cash, $10,000,000 of which was paid at closing date and the balance of $5,000,000 to be paid based on future performance of the business ("Contingent consideration"). As the minimum performance targets were met during the year ended 31 December 2015, the contingent consideration was paid for the full amount of $5,000,000.

18. FINANCIAL INSTRUMENTS

i) Fair values

The Group estimates the fair value of its financial instruments based on current interest rates, market value and pricing of financial instruments with comparable terms.

The carrying values of cash and cash equivalents, settlement assets, restricted cash, cash held as reserves, trade receivables, contingent consideration, merchant processing liabilities, and trade and other payables approximate their fair value due to the short-term nature of these instruments. The carrying value of long-term debt also approximates its fair value as there has been no significant movement in counterparty credit risk and market interest rates for debts and leases with similar maturity dates and terms.

The following table shows the carrying amounts and fair values of financial instruments, including their levels in the fair value hierarchy.

	Carrying Value		Fair Value	Fair Value Level
	Held-for-Trading	**Other financial liabilities**		
	$	**$**	**$**	
As at 31 December 2015				
Financial instruments measured at fair value				
Share consideration payable	62,386	-	62,386	Level 2
Derivative financial liabilities	229	-	229	Level 2
	62,615	-	62,615	

	Carrying Value		Fair Value	Fair Value Level
	Held-for-Trading	Other financial liabilities		
	$	$	$	
As at 31 December 2014				
Financial instruments measured at fair value				
Share consideration payable	57,290	-	57,290	Level 2
	57,290	-	57,290	

There have been no transfers between Level 1 and Level 2 for the years ending December 31, 2015 and 2014.

ii) Credit risk and concentrations

Credit risk is the risk of financial loss to the Group if a member or merchant counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalents, settlement assets, restricted cash, cash held as reserves and trade receivables. The cash and cash equivalents, settlement assets, restricted cash and cash held as reserves are deposited with major financial institutions which the Group's management believes to be financially sound and, accordingly, minimal credit risks exist with respect to these assets.

The Group is exposed to credit risk to the extent that its members and merchants may charge back credit card purchases. The Group manages the exposure to credit risk by employing various online identification verification techniques, enacted transaction limits and having a significant number of members and merchants. As these members are geographically widespread and the merchants are active in various industries, the exposure to credit risk and concentration is mitigated.

As at the reporting date, the maximum credit exposure of the Group's financial assets exposed to credit risk amounted to the following:

	Neither past due or impaired	Past due: 1-30 days	Past due: 31-90 days	Past due: more than 90 days
	$	$	$	$
As at 31 December 2015				
Cash and cash equivalents	**117,875**	**-**	**-**	**-**
Settlement assets	**51,868**	**-**	**-**	**-**
Restricted cash	**29,070**	**-**	**-**	**-**
Cash held as reserves	**14,473**	**-**	**-**	**-**
Trade receivables	**15,299**	**1,859**	**450**	**383**
Total	**228,585**	**1,859**	**450**	**383**

As at 31 December 2014	Neither past due or impaired $	Past due: 1-30 days $	Past due: 31-90 days $	Past due: more than 90 days $
Cash and cash equivalents	109,892	-	-	-
Settlement assets	29,849	-	-	-
Restricted cash	8,776	-	-	-
Cash held as reserves	8,758	-	-	-
Trade receivables	12,175	388	343	691
Total	169,450	388	343	691

The movement in the impairment allowance for trade receivables was as follows;

	$
Balance at 1 January 2014	**2,527**
Impairment loss recognized during the year	**-**
Amounts written-off	**233**
Balance at 31 December 2014	**2,294**
Impairment allowance acquired (Note 17)	**3,465**
Impairment loss recognized during the year	**7,743**
Amounts written-off	-
Balance at 31 December 2015	**13,502**

iii) Interest rate risk

The Group is exposed to interest rate risk to the extent that investment revenue earned on cash and cash equivalents and restricted cash, and interest expense incurred on long-term debt are subject to fluctuations in interest rates. The Group's exposure to interest rate risk is limited as investments are held in liquid and short-term funds. In addition, an interest rate swap has been entered into in order to mitigate the risk of interest rates rising on the Term A facility, for which a loss of $299,000 was recorded during the year. The Group is also investigating hedging strategies to further reduce the risk from interest rate volatility in future years. A sensitivity analysis has been performed wherein 1% increase in interest rates offered would result in a $1,344,000 (31 December 2014: $2,613,000) unfavourable impact on net earnings while a 1% decrease would result in a $2,318,000 (31 December 2014: $688,000) favourable impact on net earnings.

iv) Currency risk

The Group is exposed to currency risk due to financial assets and liabilities denominated in a currency other than the functional currency, primarily the Great Britain Pound ("GBP"), the EURO ("EUR"), the Canadian dollar ("CAD"), and the Hong Kong Dollar ("HKD"). The Group manages the exposure to currency risk by commercially transacting in US dollars and by limiting the use of other currencies for operating expenses, wherever possible, thereby minimising the realised and unrealised foreign exchange gain/(loss). The Group also enters into foreign currency forward exchange contracts in order to mitigate the risk on certain smaller currencies. As at 31 December 2015 the Group had the following exchange contracts outstanding;

Forward exchange contracts	Nominal Value	Fair Value $
Buy US dollar for Euro	$ 486	(1)
Sell Swiss Franc for Euro	CHF 6,000	(55)
Sell Czech Republic Koruna for Euro	CZK 12,000	(4)
Sell Hungarian Forint for Euro	HUF 40,000	0
Sell Croatian Kuna for Euro	HRK 600	(1)
Sell Norwegian Krone for Euro	NOK 4,000	1
Sell Polish Zloty for Euro	PLN 3,400	(3)
Sell Romanian Leu for Euro	RON 1,400	(3)
		(66)

The Group's exposure to foreign currency at the reporting date was as follows:

As at 31 December 2015	GBP £	EUR €	CAD $	HKD $
Cash and cash equivalents	**11,414**	**24,913**	**7,153**	**38,411**
Settlement assets	**1,018**	**10,274**	**(122)**	**76,745**
Segregated account funds and liquid assets (Note 6)	**44,903**	**302,270**	**92**	**-**
Cash held as reserves	**-**	**1,329**	**50**	**-**
Trade and other receivables	**6,409**	**21,771**	**(1,431)**	**-**
Trade and other payables	**(23,528)**	**1,899**	**(713)**	**(6,525)**
Merchant processing liabilities	**-**	**2**	**2,353**	**-**
Payable to members and merchants (Note 6)	**(7,792)**	**(319,025)**	**(706)**	**(199,484)**
Income taxes payable	**(159)**	**728**	**(8,016)**	**-**
Derivative financial liability	**-**	**(210)**	**-**	**-**
Long-term debt	**-**	**(480,577)**	**-**	**-**
Total	**32,265**	**(436,626)**	**(1,340)**	**(90,853)**

As at 31 December 2014	GBP £	EUR €	CAD $	HKD $
Cash and cash equivalents	26,586	13,792	5,418	114,393
Settlement assets	969	5,532	5	111,457
Segregated account funds and liquid assets (Note 6)	15,576	77,806	1	-
Cash held as reserves	1,327	-	50	-
Trade and other receivables	1,014	164	1,524	-
Trade and other payables	(8,217)	(18)	(4,963)	(9,078)
Merchant processing liabilities	(1,548)	(7)	(1,160)	(231,102)
Payable to members and merchants (Note 6)	(15,734)	(76,884)	(562)	(0)
Income taxes payable	-	-	(5,819)	-
Obligations under finance lease	-	-	(656)	-
Total	19,973	20,385	(6,162)	(14,330)

As at 31 December 2015, had the US dollar strengthened by 1% in relation to all the other currencies, with all other variables held constant, the net assets of the Group would have been decreased in both profit and equity by US $4,413,000 (31 December 2014: $471,000). A weakening of the US Dollar by 1% against the above currencies would have had an equal and opposite effect.

v) *Market segment risk*

Market segment risk may arise due to adverse changes in legislation relating to internet, payment processing or on-line gambling. The Group is exposed to market segment risk to the extent that legislation impacts operational presence and related revenue streams, which may be significant. The Group manages this exposure through geographical diversification and participation in non gambling sources of revenue. The Group closely monitors local legislation in key markets (new or existing) and does not have economic reliance on any one country.

vi) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. Management controls and monitors the Group's cash flow on a regular basis, including forecasting future cash flows. The Group's objective to managing liquidity is to ensure that, as far as possible, it will always have sufficient liquidity to meet the liabilities when they become due.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments using the period end spot rate for all items denominated in a foreign currency:

As at 31 December 2015	**Carrying Amount $**	**Total $**	**On demand $**	**Less than one year $**	**One to five years $**	**More than five years $**
Long-term debt	**545,844**	**638,622**	**-**	**49,451**	**333,850**	**255,321**
Trade and other payables	**88,214**	**88,214**	**88,214**	**-**	**-**	**-**
Merchant processing liabilities	**16,758**	**16,758**	**16,758**	**-**	**-**	**-**
Contingent consideration	**2,084**	**2,084**	**-**	**-**	**2,084**	**-**
Deferred consideration payable	**3,312**	**3,312**	**-**	**2,208**	**1,104**	**-**
Interest rate swap	**229**	**229**	**-**	**-**	**229**	**-**
Total	**656,441**	**749,219**	**104,972**	**51,659**	**337,267**	**255,321**

As at 31 December 2014	Carrying Amount $	Total $	On demand $	Less than one year $	One to five years $	More than five years $
Long-term debt	127,784	127,784	-	20,579	107,205	-
Trade and other payables	39,081	39,081	39,081	-	-	-
Merchant processing liabilities	30,591	30,591	30,591	-	-	-
Contingent consideration	5,000	5,000	-	5,000	-	-
Total	202,456	202,456	69,672	25,579	107,205	-

The Group holds cash and cash equivalents and settlement assets of $169,743,000 (2014: $139,741,000) as well as trade and other receivable of $31,198,000 (2014: $14,712,000). The Group also has available $85,000,000 from its revolving credit facility (2014: $4,000,000). Given the Group's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Group's liquidity risk to be low.

vii) Risk management assets and liabilities

Risks are identified, evaluated and mitigated through a combination of a "top down" approach driven by both the Audit Committee and Board of Directors. These are aggregated into a Risk Management framework where the risks are prioritised and assigned to the executive for monitoring and risk mitigation. The Group Internal Audit function undertakes regular reviews of the controls that are in place to mitigate risk. The Group enters into financial instruments through forward currency contracts that fix the net asset or liability position for significant currencies held on the statement of financial position.

viii) Capital disclosure

The Group's capital structure is comprised of shareholders' equity, deferred and contingent consideration as well as secured credit facilities as required to fund business and asset acquisitions. The Group's objective when managing its capital structure is to finance internally generated growth and maintain financial flexibility including access to capital markets. To manage its capital structure the Group may adjust capital spending, issue new shares, or acquire short-term financing.

ix) Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern, while maximising the return to stakeholders through optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings as disclosed in Note 8, and equity attributable to owners of the parent, comprising reserves and retained earnings as disclosed. The board reviews the capital structure and as part of this review, considers the cost of capital and the risks associated with each class of capital. In addition the Board of Directors considers the liquidity and solvency of the Group on an ongoing basis. The primary measure used by the Group to monitor its financial leverage is its ratio of net debt to equity, where net debt includes long-term debt and contingent consideration reduced by cash and cash equivalents, settlement assets, restricted cash and cash held as reserves, and equity includes the share consideration payable in accordance with the terms of the Group's credit facility (Note 8).

19. POST-BALANCE SHEET EVENTS

On February 1, 2016, a subsidiary of the Group, Paysafe Services (US) Corp, purchased certain assets of MeritCard Solutions LP (‘MeritCard’), in exchange for cash consideration of $15,951,000 and an additional $4,050,000 cash consideration subject to the achievement of certain financial performance targets. MeritCard is a Dallas-based payments business that specialises in building relationships with small to medium-sized independent sales organisations, sales and bank agents as well as third party vendors. The deal is expected to help the Group continue to expand its customer base while further diversifying its risk portfolio in the Processing division. The fair value assessment of the acquired assets had not yet been finalised as of the issue of these financial statements and has therefore not been disclosed.