MALTA GAMING AUTHORITY

The Maltese Land-based and Remote Gaming Industry

January – June 2015

Preface

1. These statistics relate to the gaming industry in Malta and have been collated by the Malta Gaming Authority (MGA). The sources are:

   - regulatory returns required to be submitted by all licensed operators; and
   - information provided by operators through specific questionnaires and correspondence with the MGA.

2. Unless otherwise stated, figures are representative of the position as at end of June 2015.

3. The data contained in this review covers the Maltese land-based gaming (casinos, gaming parlours, commercial bingo, national lottery, betting and the suite numbers games provided by Maltco) and remote gaming regulated by the MGA.

4. In the section referring to remote gaming, the data collected is based on a Return Industry Performance Review conducted amongst all companies within the gaming industry that are licensed in Malta. In order to collect this data, licensed companies were asked to answer a set of questions for the Maltese licensed activity only. The response rate was just under 85%. The remaining missing data has been estimated by the Authority to provide a clear picture of the gaming industry.

   One of the main aims of this research study is to acquire as accurate a snapshot as possible of the activity being generated by all the companies licensed under the MGA. Hence, several imputation methodologies and weighting techniques were adopted to 'fill in' the missing data. In order to ensure better data representation, companies were divided into two groups. The first group represented those companies with a Class 1 to Class 3 licences, and the second group represented those companies with a Class 4 activity only. Replies received from these two classified groups were analysed differently as most of the industry performance questions were applicable to a different extent.

   After performing data collection, a data cleaning process was carried out data cleaning was commenced to ensure consistency of results. In case of doubt, operators were contacted again to clarify their responses. After clarifying all queries, an imputation technique was applied to impute for the missing data and thereafter questions were analysed thoroughly one by one. After obtaining the initial results, weighting techniques were applied to ensure that the results represented the whole population. Results were analysed in such a way as to obtain the total values amongst all Maltese licensed activity.

5. Where possible, the MGA has provided comparator data which is consistent with the rest of this data in this publication.

6. The terminology used in this document is explained under Definitions.

7. Totals and percentages are calculated from unrounded figures.

Table of Contents

List of Tables

List of Graphs

General overview

The Malta Gaming Authority (MGA), which is responsible for the governance of the gaming sector, has over the past two years worked to consolidate Malta's position in the global domain (most notably in the remote gaming sector). The aim of the MGA is to progressively reposition Malta as a gaming jurisdiction, taking into account the evolving regulatory and industry challenges, as well as to raise the regulatory bar by devising policies and mechanisms that are innovative, evidence-based and business-friendly.

Provisional estimates published by the National Statistics Office[1] during December 2015 indicate that the Gross Domestic Product (GDP) for the third quarter of 2015 amounted to €2,299.6 million, an increase of €171.3 million or 8% over the corresponding period last year. In real terms, GDP went up by 5.4%. The Gambling and Betting Activities are captured under the Arts, entertainment and recreation, repair of household goods and other services. The trend shows that the gaming sector constitutes around 79% of the Gross Value Added (GVA) generated by this industry. When considering the economy as a whole, the gaming sector constitutes approximately 8% of the total GVA.

The global and European gaming industry has continued to experience growth during the first half of this year. This has been a trend from which Malta and its Malta-based industry has benefited. Estimates from various sources[2] indicate that during 2014 the revenues grew by over 3% over 2013, as measured by gross gaming revenue (stake taken minus winning payouts). Further global growth is expected during 2015, which however is expected to be less than the growth registered in 2014. Latest H2 Gambling Capital[3] estimates indicate that in 2014 the land-based European sector represented around one fourth of the global market while in terms of the remote sector the European market constitutes approximately half of the global market.

Focusing on the performance of the Maltese gaming industry between January and June 2015, the Gross Gaming Revenue (GGR) for casinos grew by 10% whilst that for gaming parlours and commercial bingo halls dropped by 0.01% and 4% respectively, when compared to the same period in 2014. The land-based gaming sector is primarily composed of four different categories of operations namely, Casinos, Gaming Parlours, Commercial Bingo and Maltco Lotteries.

Until the end of June 2015, there were three licensed Casinos in Malta which offer slot machines and live table games, namely, Dragonara Casino, Oracle Casino and Portomaso Casino. It should be noted that in the last quarter of 2015, the fourth casino, Casino Malta, started its operations in Malta.

The total number of gaming parlours licensed[4] in Malta and Gozo as at June 2015, amounted to 43, an increase of one parlour during the first six months of the year. The number of gaming devices in the gaming parlour outlets as at June 2015, has reached 307, an increase of 34 since the beginning of the year.

---

[1] National Statistics Office - Malta, News Release 224/2015

[2] Global Betting and Gaming Consultants (GBGC); and http://www.statista.com/statistics/253416/global-gambling-market-gross-win/

[3] http://h2gc.com/

[4] The Authority is empowered to license, regulate and monitor Gaming Devices in the market through the Gaming Devices Regulations 2011 and subsidiary Directives.

Another area regulated by the MGA is the Commercial Bingo Halls. As at the end of June 2015, there were two licensed bingo operators in Malta together having a total of four bingo halls located in Valletta, Qawra, Paola and Sliema respectively.

The National Lotteries also fall within the regulatory remit of the MGA. Maltco's economic activity covers four lottery categories, namely, draw-based games (Lotto, Super 5, Grand Lottery, Fast Bingo, Quick Keno and Bingo 75); instant tickets (Scratchers); sport games with *parimutuel* odds (U*BET Horse Betting) and fixed-odds (U*BET Sports Betting). The number of Maltco booths as at June 2015 stood at 251.

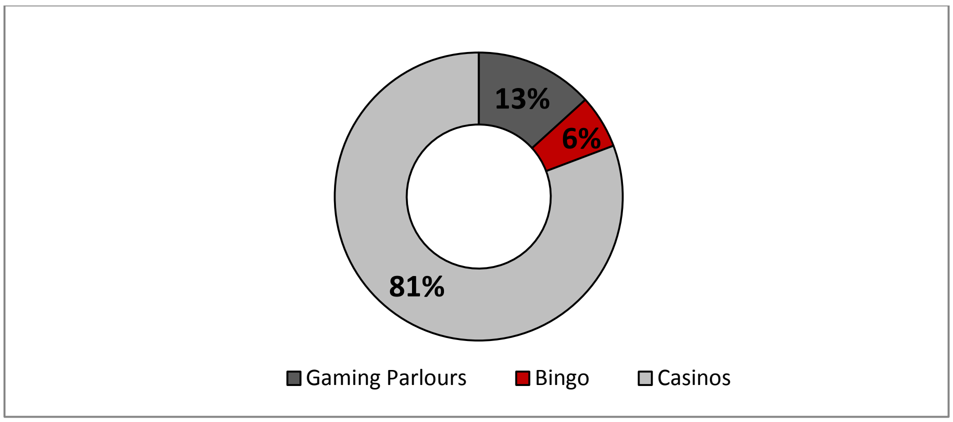
As at the end of June 2015 there were 277 registered remote gaming operators, collectively holding 474 licences. This is a 14.5% increase over what was registered during the same period in 2014. This indicates that the remote gaming industry in Malta has continued to expand in these terms.

Further detailed statistics can be found in the respective sections of this report.

Land-based sector Statistics

- **Total Market Value (Gross Gaming Revenue)**

During the six months under review (January to June 2015), the GGR of the Maltese land-based industry, excluding Maltco, increased by 8% when compared to the same period in 2014. The largest market segment in GGR terms during the period under review was represented by the casinos, with 81%, followed by the gaming parlours, which held 13% and commercial bingo outlets which held 6% of the market.



Graph 1: Market share (GGR) – land-based (excl. Maltco)

The increase was not distributed uniformly amongst the gaming segments. Indeed the increase is totally attributed to the casinos' segment that registered an increase of 10% over the same period in 2014, while commercial bingo outlets decreased by 4% and gaming parlours retained same levels.

- **Money spent by Players (Total Revenue)**

Total money spent during the period reached €80 million, which represents an increase of 16% over the same period in 2014 when it stood at €69.5 million. In correlation with the increase in GGR, the most significant increase was reported by casinos with an increase of 19% followed by gaming parlours which registered an increase of 14%. This growth is driven, in large part, by the increasing number of visits to Maltese casinos and gaming parlours in the period under review. It should be noted that the payout in these sectors increased along with the total amount of money played. Money spent in the commercial bingo outlets decreased by 4%. Similarly, the payout ratio fell by a corresponding 4%.

- **Tax collected**

The MGA is entrusted with the collection of gaming tax from operators on behalf of Government. The total tax collected on land-based operations (excluding Maltco) between Jan - Jun 15 amounted to €7.2 million. This results in a 6% increase when compared to the same period in 2014.

Gaming Tax	Jan - Dec 2014	Jan - Jun 2014	Jan - Jun 2015
Gaming Parlours	€1,063,982	€754,347	€505,044
Bingo	€625,666	€325,025	€313,506
Casinos	€12,514,327	€5,736,804	€6,382,033
Total	€14,203,975	€6,816,176	€7,200,583

Table 1: Gaming Tax - land-based (excl. Maltco)

Segmental review

I Land-based Casinos

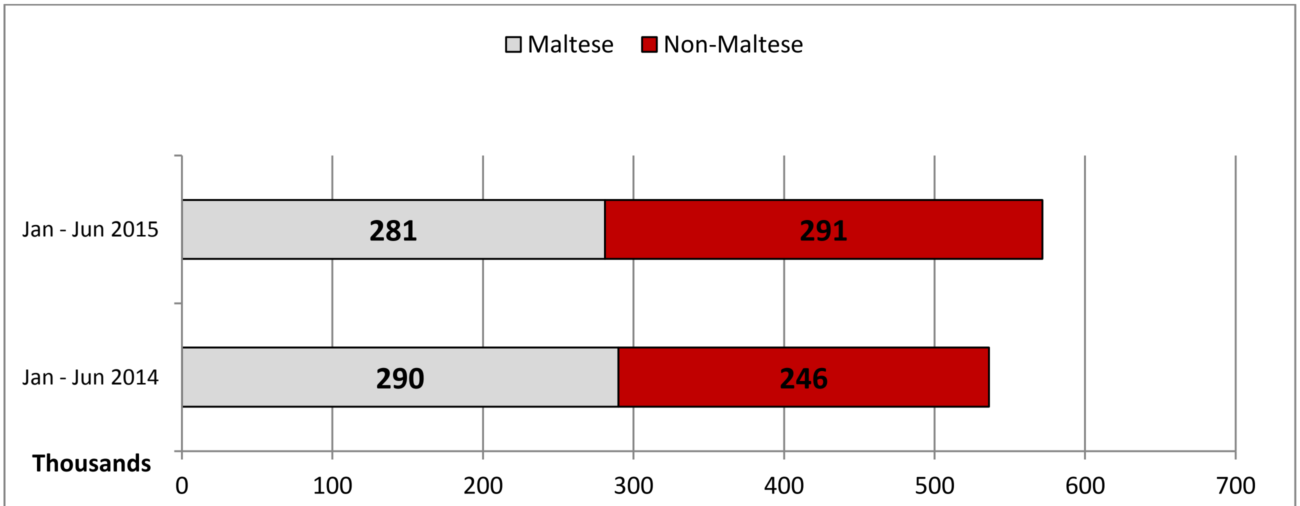
1. Gross Gaming Revenue

In the six months under review, total gross gaming revenue (including junkets) of casinos increased by 10% over the same period in 2014. The highest increase, (+30%) was reported in March which is attributable to the corresponding highest number of visits.

In the first half of 2015, casinos' revenue obtained from junkets went down by 52% when compared to the corresponding period of the previous year. The highest revenue was reported in June when the number of players amounted to 77.

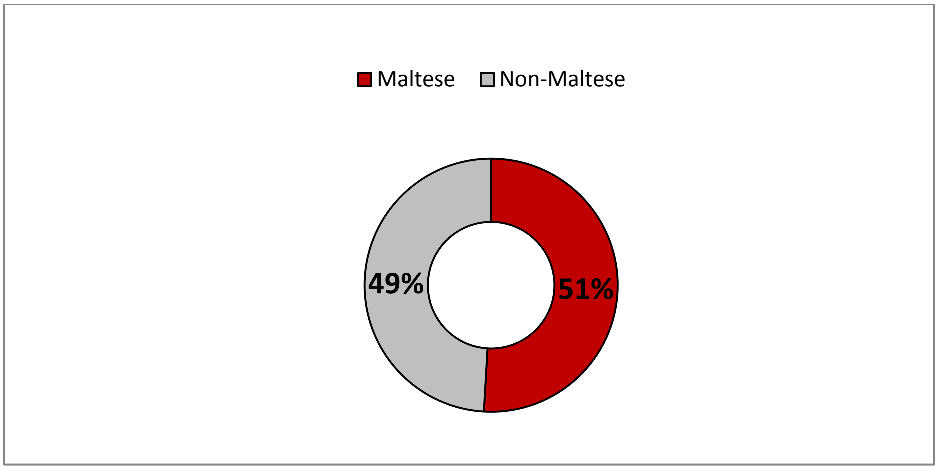
2. Casino player visits

During the six months period under review, the total number of player visits in casinos amounted to 364,052, representing an increase of 11% over the corresponding period. This increase can be attributed to the increase of 29% in non-Maltese player visits during the period under review. Although the total number of visits by Maltese residents decreased slightly by 2%, they still represented 51% of the total visits.



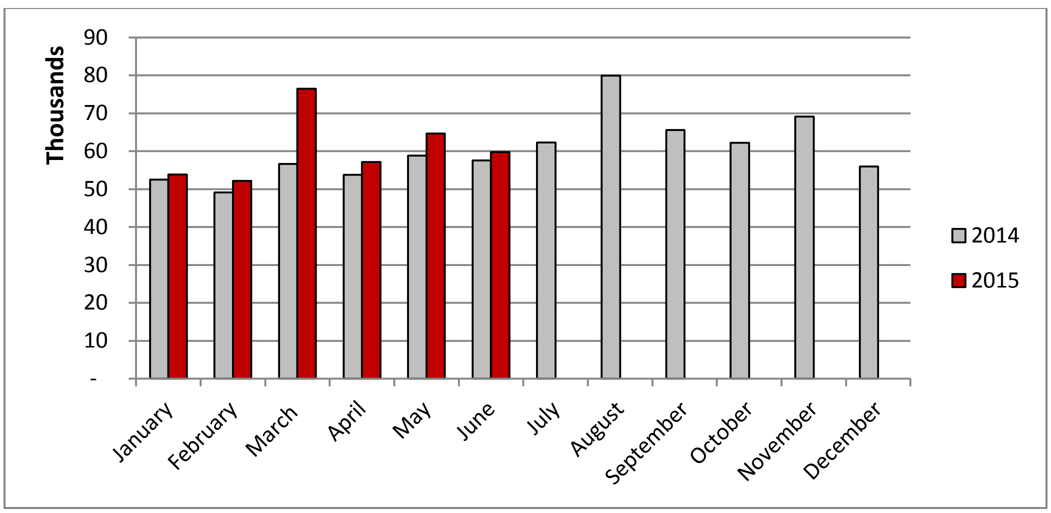
	Jan - Jun 2014	Jan - Jun 2015
Maltese	289,890	281,013
Non-Maltese	246,331	290,732

Graph 2: Land-based Casino - No. of Visits



Graph 3: Land-based Casino – No. of Visits, Maltese vs Non-Maltese

When compared to 2014, the number of player visits increased every month, with the highest increase (+35%) registered in March 2015 as compared to March 2014.



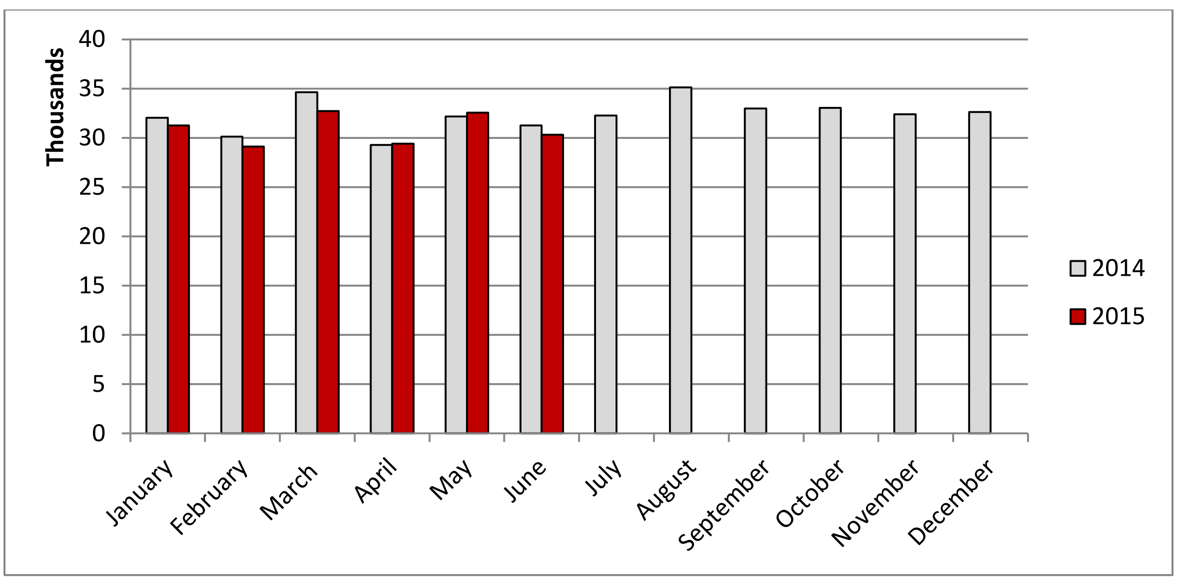
Graph 4: Land-based Casino – No. of Visits by Month

Casinos visits (total)	2014	2015
January	52,465	53,834
February	49,162	52,159
March	56,613	76,483
April	53,785	57,128
May	58,840	64,664
June	57,600	59,784
July	62,291	
August	79,897	
September	65,568	
October	62,169	
November	69,160	
December	55,942	

Table 2: Land-based Casino – No. of Visits by Month

- **Maltese visitors by month**

The total number of Maltese visitors in the first half of 2015 amounted to 185,358, representing a decrease of 2% when compared to the same period last year. During these past six months, the highest number of Maltese visitors, amounting to 32,719, was reported in March; however, it was still 6% less than in the same month of the previous year. Only in May, did casinos experience a slightly higher number of Maltese visitors (+1%) than in the same month in 2014.



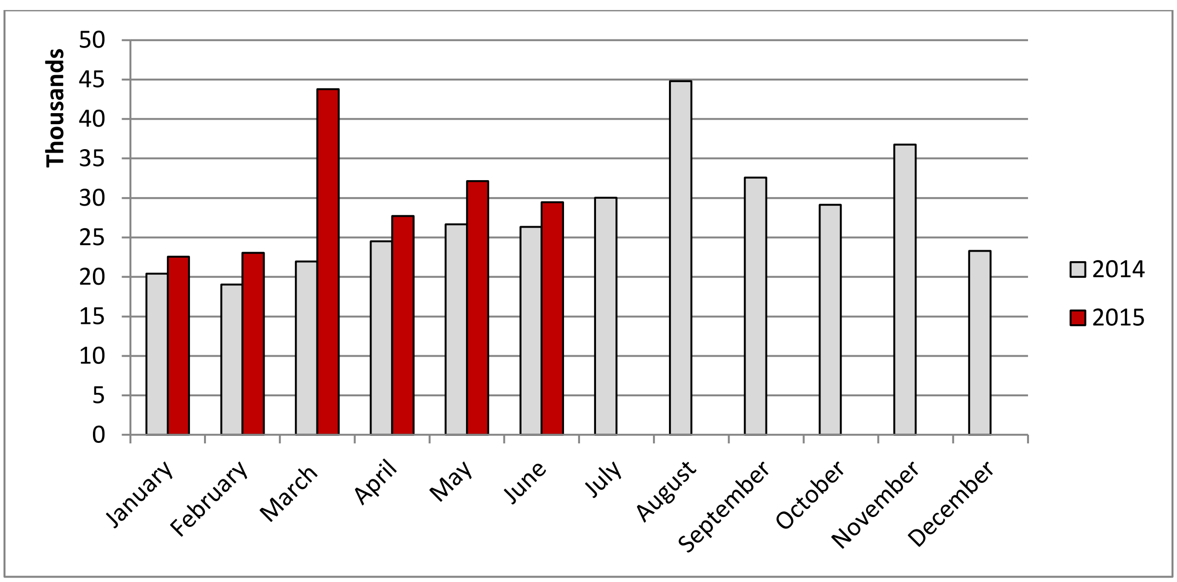
Graph 5: Land-based Casino – No. of Visits by Month (Maltese)

Casinos visits (Maltese)	2014	2015
January	32,043	31,269
February	30,133	29,117
March	34,646	32,719
April	29,270	29,393
May	32,160	32,546
June	31,266	30,314
July	32,274	
August	35,110	
September	32,988	
October	33,035	
November	32,397	
December	32,629	

Table 3: Land-based Casino - No. of Visits by Month (Maltese)

- **Non-Maltese visitors by month**

Between January and June 2015, the number of Non-Maltese visitors to land-based casinos increased from 138,947 to 178,694, reporting a 29% increase when compared to the analogous period in 2014. In March 2015, the number of Non-Maltese visitors nearly doubled when compared with the corresponding month of 2014. During the remaining five months of 2015, the number of visits increased significantly from 10 – 21% as shown in the graph below.



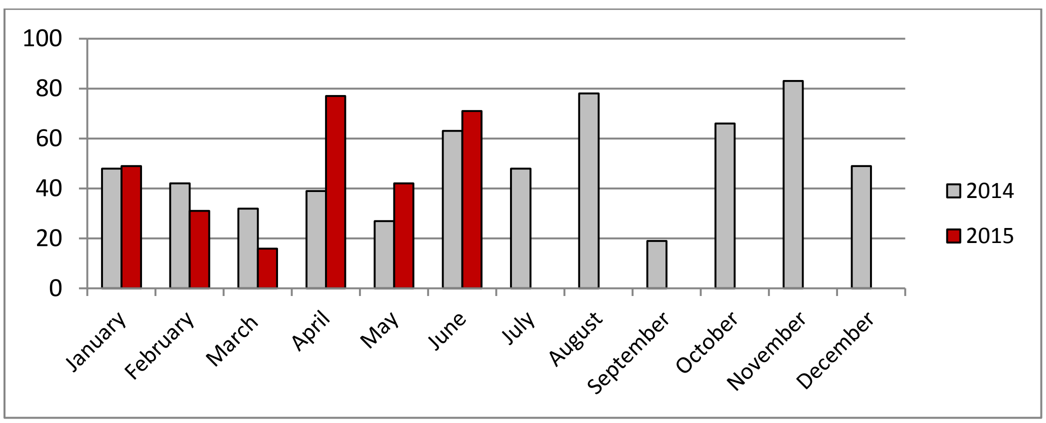
Graph 6: Land-based Casino - No. of Visits by Month (Non-Maltese)

Casinos visits (Non-Maltese)	2014	2015
January	20,422	22,565
February	19,029	23,042
March	21,967	43,764
April	24,515	27,735
May	26,680	32,118
June	26,334	29,470
July	30,017	
August	44,787	
September	32,580	
October	29,134	
November	36,763	
December	23,313	

Table 4: Land-based Casino - No. of Visits by Month (Non-Maltese)

- **Junkets – number of players**

Although the number of junket players is negligible as a share of the total casino visits, it still registered a significant increase of 13% during this reporting period. The highest number of players in the first six months of 2015 was reported in April (77 players) and June (71 players).



Graph 7: Junkets - No. of Players by Month

- **Payout ratio**

The average payout ratio for the casino sector, as at the end of June 2015, was 64%, representing a 3% increase over the same period in 2014.

3. Casinos - Gaming Tax

Total gaming tax paid by the casinos for this period amounted to €6.3 million, representing an 11% increase over the €5.7 million collected between January and June 2014.

Gaming tax	Jan - Dec 2014	Jan – Jun 2014	Jan – Jun 2015	% change
Casinos	€12,514,327	€5,736,804	€6,382,033	11%

Table 5: Land-based Casino - Gaming Tax

4. Employment

As at 30 June 2015, the Maltese casinos employed 454 persons, 66% of whom were Maltese. The casino sector employed 10% more males than females during this reporting period.

II Gaming Parlours

1. Gross Gaming Revenue

Between January and June 2015, the approved gaming parlours generated a marginal decrease in gross gaming revenue of just under 1% over the corresponding period in 2014. On a month-by-month basis, the greatest shifts were reported in January, with a decrease of 22% and in April with an increase of 17% when compared to the same months of the preceding year.

In the case of January, it could be noted that the number of visits increased, leading to a growth in turnover; however, the increase in winnings was significantly higher than that in turnover. As a result, the GGR experienced the said decrease of 22%.

In case of April, the number of visits increased resulting in a higher turnover. However, the increase in winnings was less than the growth in turnover leading to an overall increase of the GGR.

2. Approved gaming parlours

As at the end of June 2015, there were 43 approved gaming parlours in Malta which represents an increase of one parlour, namely Izibet, over December 2014. The highest number of gaming parlours were located in Hamrun, Paola and Valletta (four parlours per locality).

Approved Gaming Parlours	As at the end Dec 2014	As at end of Jun 2015
Gaming Operations - Izibet	23	24
Bestplay Gaming Ltd	6	6
Media Games Ltd	5	5
Fairbet Ltd	5	5
Bingo Ltd	3	3
Total	42	43

Table 6: Approved Gaming Parlours

3. Gaming devices per operator

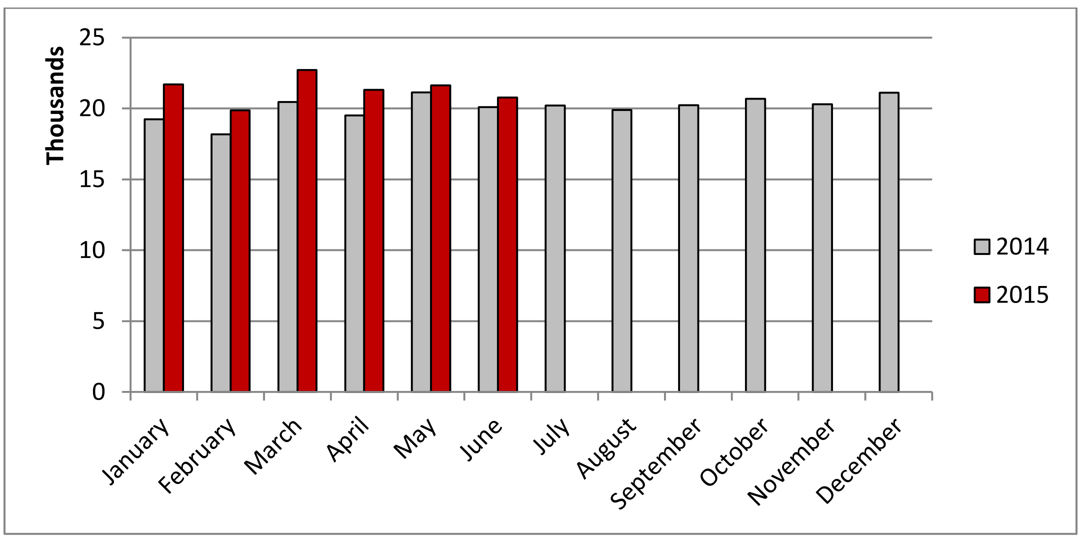
As at the end of June 2015, the total number of gaming devices in the gaming parlours stood at 307, an increase of 34 over the total number registered in December 2014.

Total Gaming Devices per Operator	As at Dec 2014	As at Jun 2015
Gaming Operations Ltd - Izibet	150	162
Bestplay Gaming Ltd	41	43
Media Games Malta EU Ltd	29	39
Fairbet Ltd	23	33
Bingo Ltd	30	30
TOTAL	273	307

Table 7: Distribution of the Gaming Devices per Licensed Operator

4. Gaming parlour visits

In the period under review, there was a total of 127,975 visits[5] to gaming parlours, which represents an increase of 8% (that is, 9,379) over the total number of visits in the corresponding six-month period in 2014. The highest increase by month was reported in January 2015 with an increase of 13% over January 2014.



Graph 8: Gaming Parlours - No. of Visits

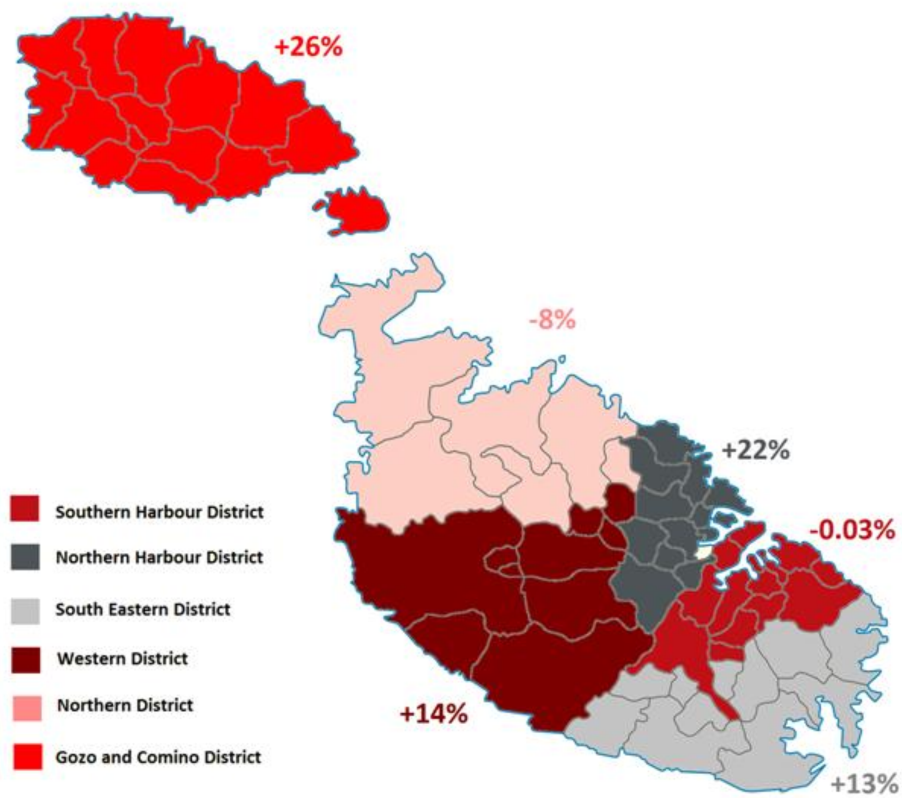
- **Number of visits by locality**

For the purpose of producing regional statistics, the Maltese Islands have been divided into six districts in accordance with the system applied by Eurostat - Local Administrative Units (LAUs). The following districts were identified: the Southern Harbour District, Northern Harbour District, South Eastern District, Western District, Northern District and Gozo & Comino district (Appendix 1).

[5] This represents the total number of separate visits rather than the number of unique customers.

Total no. of visits – Gaming Parlours					
District	Jan - Dec 2014	Jan - Jun 2014	Jan - Jun 2015[6]	% change (Jan - Jun 2014 vs. 2015)	No. of outlets per district
Southern Harbour District	98,590	49,044	49,027	-0.03%	16
Northern Harbour District	76,453	36,507	44,651	22%	13
South Eastern District	10,806	5,161	5,848	13%	5
Western District	9,190	4,268	4,846	14%	2
Northern District	39,441	19,944	18,318	-8%	5
Gozo and Comino District	6,506	3,672	4,623	26%	2
Grand Total	240,986	118,596	127,313	7%	43

Table 8: Gaming Parlours - No. of Visits by District



Gaming Parlours - % change of Visits by District

[6] The total figure for Jan - June 2015 does not include 662 visits which were marked as "no site", and therefore could not been allocated to the particular district.

- **Payout Ratio**

The payout ratio averaged at 91%[7] during the period under review, which represents a 1% increase over same period in 2014.

5. Gaming parlours – Gaming Tax

Gaming tax paid by gaming parlours operators for this period decreased by 33% when compared to the same period in 2014. This is attributed to the restructuring and revision of applicable taxes due which came into effect on 14th March 2014[8].

Gaming Parlours	Jan - Dec 2014	Jan - Jun 2014	Jan - Jun 2015	% change
Gaming Tax	€1,063,982	€754,347	€505,044	-33%

Table 9: Gaming Parlours - Gaming Tax

6. Employment

As at 30 June 2015, there were 113 employees working in the gaming parlours sector, 99% of whom were Maltese nationals. The sector employed more than twice as many males as females (78 as against 36).

[7] The minimum payout ratio required by Gaming Devices Regulations SL.438.07 is 85%.
[8] Legal Notice 85 of 2014

III Commercial Bingo Halls

Currently, there are two licensed commercial bingo operators in Malta.In aggregate, they operate four approved licensed bingo outlets:

- Embassy Entertainment, Valletta
- Main Street, Paola
- Preluna Bingo, Sliema
- Fair Play, Qawra

Apart from commercial bingo, which is subject to licence under Maltese Legislation, it is also possible for anyone to organise tombola where the proceeds go to non-profit causes. This activity is subject to approval/permit by the MGA. In the period under review the Malta Gaming Authority issued 1,027 permits for non-profit tombola.

1. Commercial Bingo Gross Gaming Revenue

The gross gaming revenue generated by the commercial bingo sector in the period under review has decreased by 4% when compared to the same period in 2014. The highest monthly GGR was reported in March for both 2014 and 2015.

- **Payout ratio**

The average payout ratio of the bingo sector between January and June 2015 stood at 60%[9].

2. Commercial Bingo - Gaming Tax

Gaming tax collected on commercial bingo operations between January and June 2015 decreased by 17% when compared to the same period last year. This follows on from the decrease in revenue experienced by the Sector.

Gaming Tax	Jan - Dec 2014	Jan – Jun 2014	Jan – Jun 2015	% change
Bingo	€625,666	€325,025	€313,506	-4%

Table 10: Commercial Bingo - Gaming Tax

3. Employment

As at 30 June 2015, the commercial bingo sector employed 86 Maltese nationals and three Non-Maltese nationals. The sector is mostly dominated by female employees (72%).

[9] 60% is the minimum payout ratio established by the Commercial Tombola (Bingo) Regulations 2006 (S.L. 438.05 of the Laws of Malta), reg. 38 (1)

IV Maltco Lotteries Limited

Maltco Lotteries Limited has an exclusive licence to operate all National Lottery games in Malta which previously fell under the responsibility of the Public Lotto Department. Maltco Lotteries is an exclusive licence holder since 2004, when it was granted a seven-year licence to operate in Malta. Following a competitive process for the award of a concession right for the operation of the lotteries, Maltco was awarded a 10-year licence in June 2012.

Maltco, as regulated and monitored by the MGA, offers a wide portfolio of draw-based games (including Lotto, Super 5, Grand Lottery, Fast Bingo, Quick Keno, Bingo 75), instant tickets (Scratchers) and sport games (U*BET Horse Betting and U*BET Sports Betting).

Apart from contributing to the economy through gaming tax, according to law and concession conditions, Maltco contributes to the National Lotteries Good Causes Fund under the Ministry for Finance.

The National Lotteries Good Causes Fund was set-up under the Lotteries and Other Games Act, 2001 Section 50 (7) with the main scope of helping out various individuals, agencies or organisations that hold social, cultural, educational, sport, philanthropic or religious activities. The National Lotteries and Good Causes Fund Committee administers and operates the Fund. The Fund generates its income through a percentage contributed from the amount of tax payable from gaming activity and unclaimed prizes.[10] During the first six months of 2015, Maltco contributed €321,762 to this Fund.

Maltco	Jan - Dec 2014	Jan - Jun 2014	Jan - Jun 2015
Maltco's Contribution to the Good Causes Fund	€650,688	€333,850	€321,762

Table 11: Maltco's Contribution to the Good Causes Fund

1. Product sale by game category

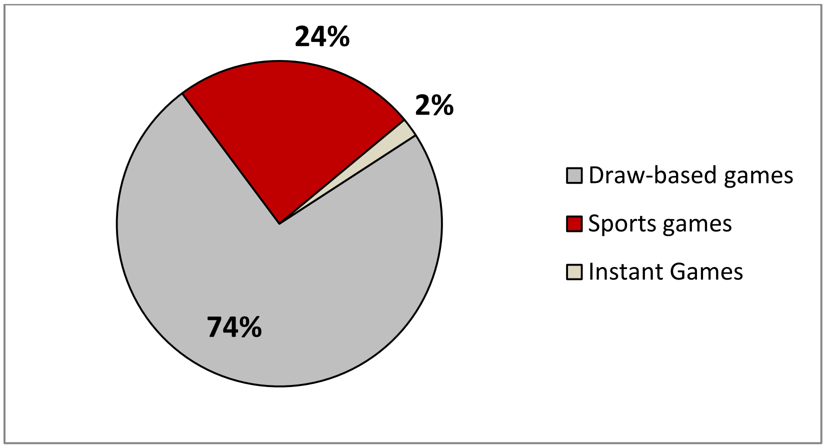
In the first two quarters of the year 2015, the total economic activity of the Maltco's lotteries as measured in sales across the three games categories, namely, Draw-based games, Instant games and Sports games, was 3% less than in the corresponding period in 2014.

Product sale by game category	% change (Jan - June 2014 vs. 2015)
Draw-based games	-1%
Instant games	0%
Sports games	-9%
Total	-3%

Table 12: Maltco - Product Sale by Game Category

[10] https://mfin.gov.mt/en/Services/Pages/gcf.aspx

The figure hereunder presents the turnover distribution by game for the period January – June 2015.



Graph 9: Maltco - Turnover by Game

2. Maltco - Gaming Tax

Between January and June 2015, the total tax paid by Maltco totalled to €5.7 million. This is a 4% decrease when compared tothe same period last year. The tax paid by Maltco is calculated on the gross turnover as specified in Maltco's licence condition.

Maltco	Jan - Dec 2014	Jan - Jun 2014	Jan - Jun 2015	% change
Gaming Tax	€13,737,243	€5,975,340	€5,705,555	-5%

Table 13: Maltco - Gaming Tax

3. Points of Sale

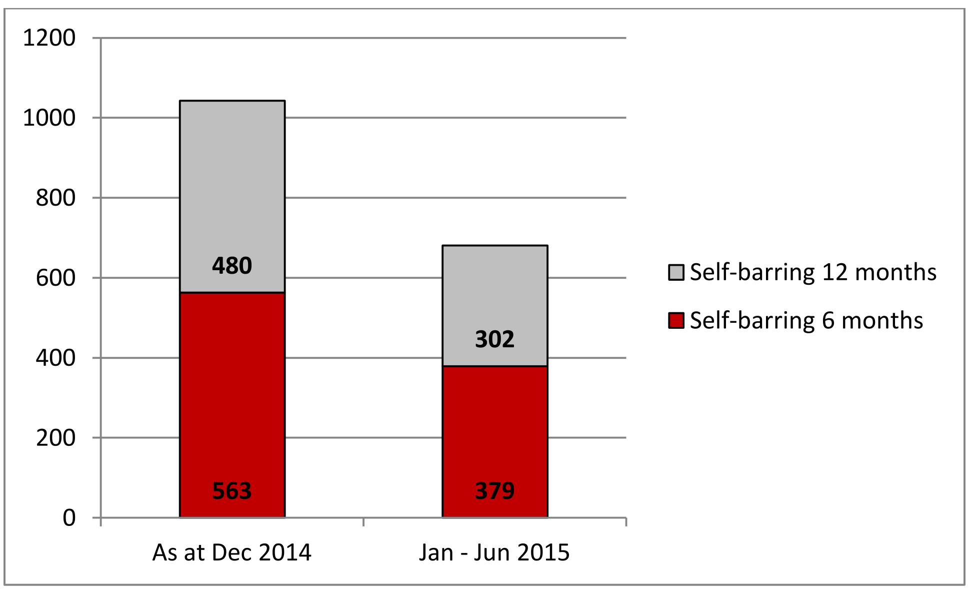
Maltco offers its services through an extensive network of Points of Sale (POS) also known as lotto booths. The total number of Maltco's POS decreased from 266 as at the end of 2014 to 251 as at the end of June 2015.

V Responsible Gaming Measures – Self-barring

The Malta Gaming Authority aims to prevent the abuse of gambling and the proliferation of compulsive gambling. Self-barring is one of the empowering measures that licensees need to provide their players with, in order to control their gambling behaviour.

As obliged by law, casinos must offer a self-barring opportunity to players who feel that, for a stipulated time (six monthsto one year) they would not be allowed to enter any casino (Article 26 of the Gaming Act, 1998). The Commercial Bingo (Tombola) Regulations and the Gaming Devices regulations also contain similar provisions. This helps the gambler to recover from the addiction and recoup any losses. If players choose to bar themselves from any land-based premises, being Casino, Commercial Bingo Hall or Gaming Parlours, then the players are -barred from all such premises for the stipulated period.

During the period between January and June 2015, there were 681 players who barred themselves from the gaming parlours, casinos and bingo. The data shows that players are making increased use of self-barring for six-month periods.



Graph 10: Land-based - Self-barring

Self-barring	As at Dec 2014	As at Jun 2015
6 months	563	379
12 months	480	302
Total	1,043	681

Table 14: Land-based - Self-barring

Remote Gaming Statistics

1. Number of licences and companies in Malta

- **Number of licences issued, terminated and suspended licences**

In the period under review, the MGA issued a total of 43 new licences, six licences less when compared to the same period in 2014. During this reporting period, 22 licences were terminated, 8% less when compared to the corresponding period in 2014. In addition, during the first six months of 2015, the MGA suspended a total of eight licences, 3% more than in the corresponding period of 2014.

- **Number of companies**

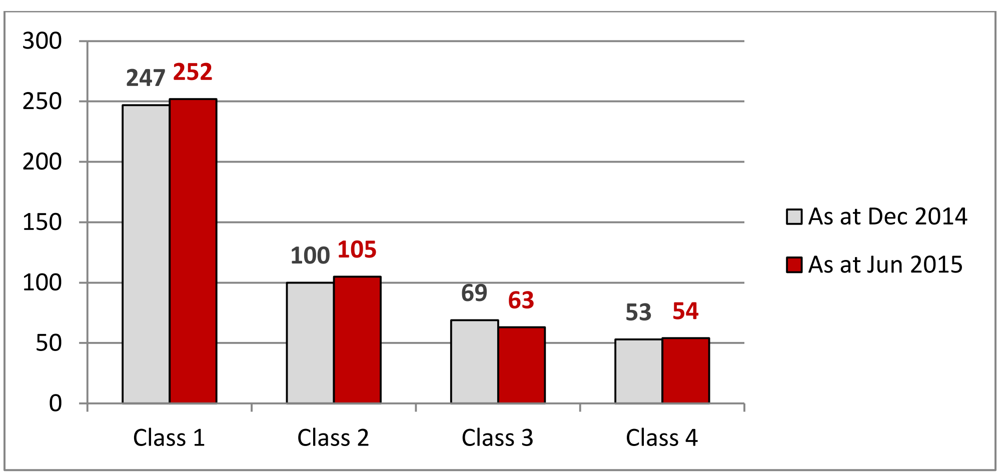
As at the end of 2014, 283 remote gaming companies were registered and licensed in Malta. By the end of June 2015, this number stood at 277.

Number of Companies	As at Jun 2014	As at Dec 2014	As at Jun 2015
Total	265	283	277

Table 15: Remote Gaming – No. of Companies

2. Distribution of licences by class type

As at the end of June 2015, the number of remote gaming licences stood at 474 (refer to the following table), distributed between four different licences' classes.



Graph 11: Remote Gaming - Distribution of Licences by Class Type

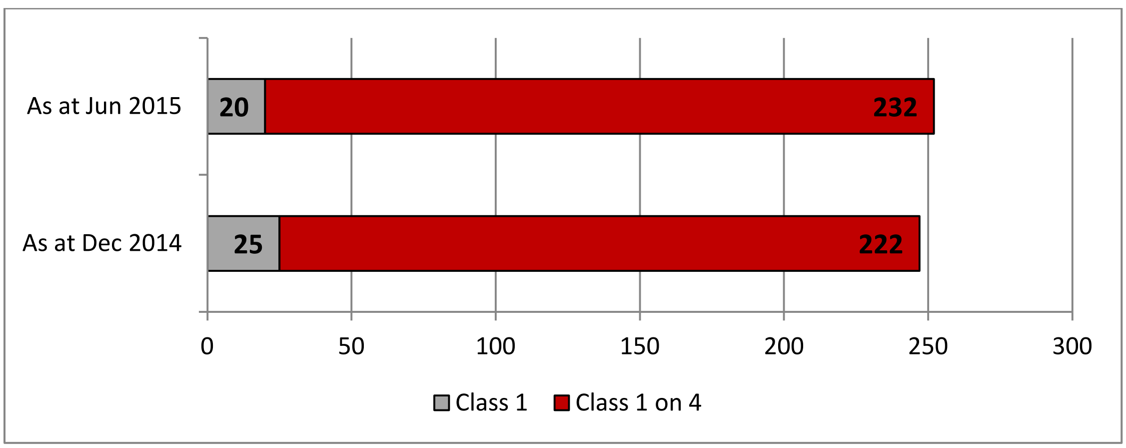
Distribution of licences by class type	As at Jun 2014	As at Dec 2014	As at Jun 2015
Class 1	23	25	20
Class 1 on 4	177	222	232
Class 2	83	91	95
Class 2 on 4	9	9	10
Class 3	35	37	33
Class 3 on 4	34	32	30
Class 4	53	53	54
Total	414	469	474

Table 16: Remote Gaming - Distribution of Licences by Class Type

Class 1 licences[11]

The Class 1 group of licences (including Class 1 and Class 1 on 4) continued to represent the highest share of total gaming licences in issue and accounted for 53% of the total licence base (4% - Class 1, 49% - Class 1 on 4).

From the end of 2014 till the end of June 2015, the number of Class 1 licences (including Class 1 on 4) has increased by five licences, reporting a growth of 2%.



Graph 12: Remote Gaming - Class 1 Licences

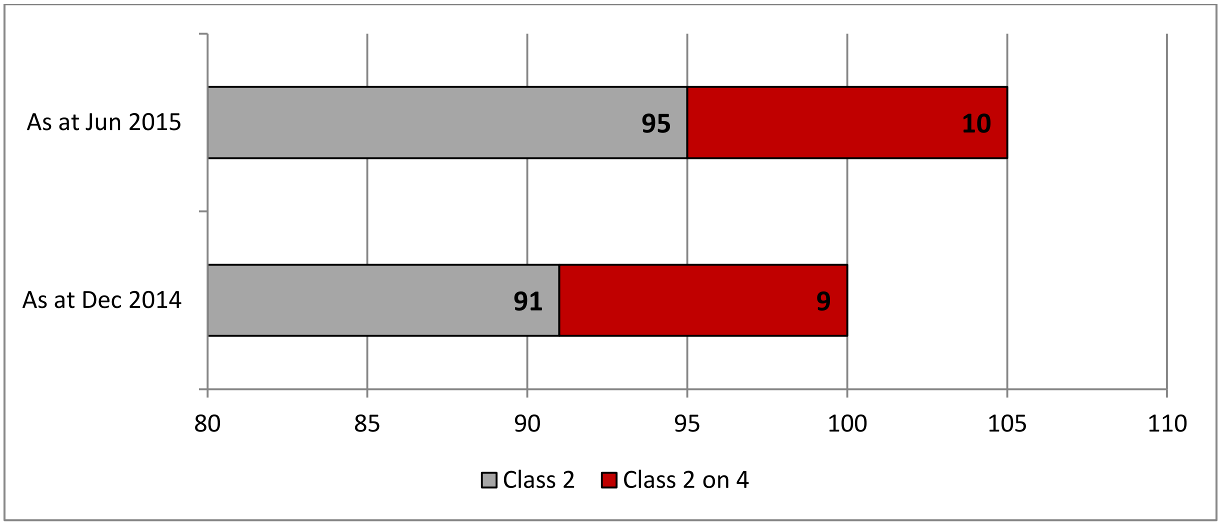
Class 1 and Class 1 on 4	As at Jun 2014	As at Dec 2014	As at Jun 2015
Class 1	23	25	20
Class 1 on 4	177	222	232
Total	200	247	252

Table 17: Remote Gaming - Class 1 Licences

[11] Class 1 – a remote gaming licence whereby the operators manage their own risk on repetitive games. It is also possible to have a Class 1 on 4 whereby the Class 1 licensee operates its games on the software and in certain cases through the equipment of a Class 4 licensee. Examples of Class 1 licences would include casino-type games and online lotteries.

Class 2 licences[12]

The number of Class 2 licence holders (including Class 2 on 4) increased by 5% up to the end of June 2015. The number of Class 2 licences has increased by four licences whilst Class 2 on 4 by one.



Graph 13: Remote Gaming - Class 2 Licences

Class 2 licences	As at Jun 2014	As at Dec 2014	As at Jun 2015
Class 2	83	91	95
Class 2 on 4	9	9	10
Total	92	100	105

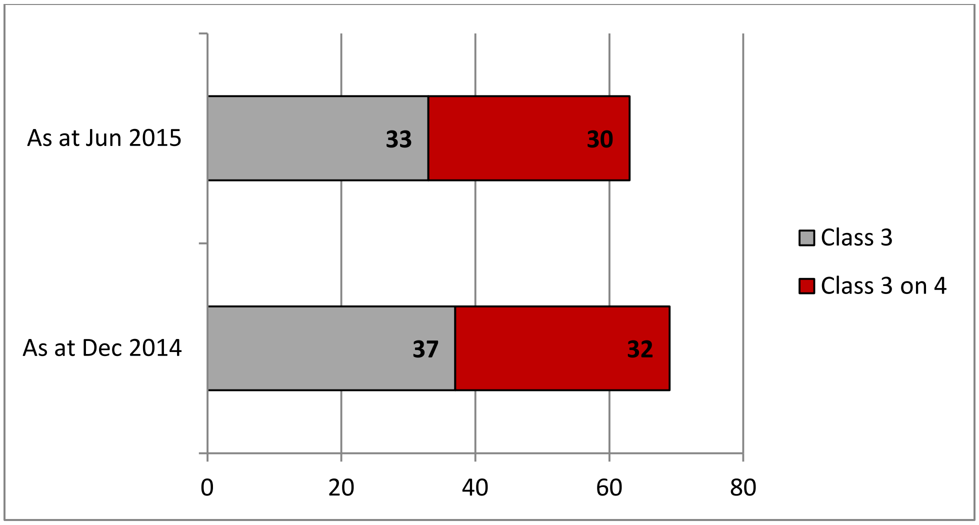
Table 18: Remote Gaming - Class 2 Licences

Class 3 licences[13]

During the first half of 2015, the number of Class 3 licence holders (including Class 3 on 4) went down by 9% (from 69 to 63).

[12] Class 2 – a remote betting licence whereby operators manage their own risk on events based on a matchbook. It is possible to have a Class 2 on 4 licences whereby the Class 2 licensee operates its games on the software and in certain cases through the equipment of a Class 4 licensee. An example of a Class 2 licence would include fixed-odds betting.

[13] Class 3 – a licence to promote and/or abet remote gaming in or from Malta. It is also possible to have a Class 3 on 4 licence whereby the Class 3 licensee operates its games on the software and in certain cases through the equipment of a Class 4 licensee. An example ofa Class 3 licence would include poker networks, peer-to-peer (P2P) gaming and game portals.



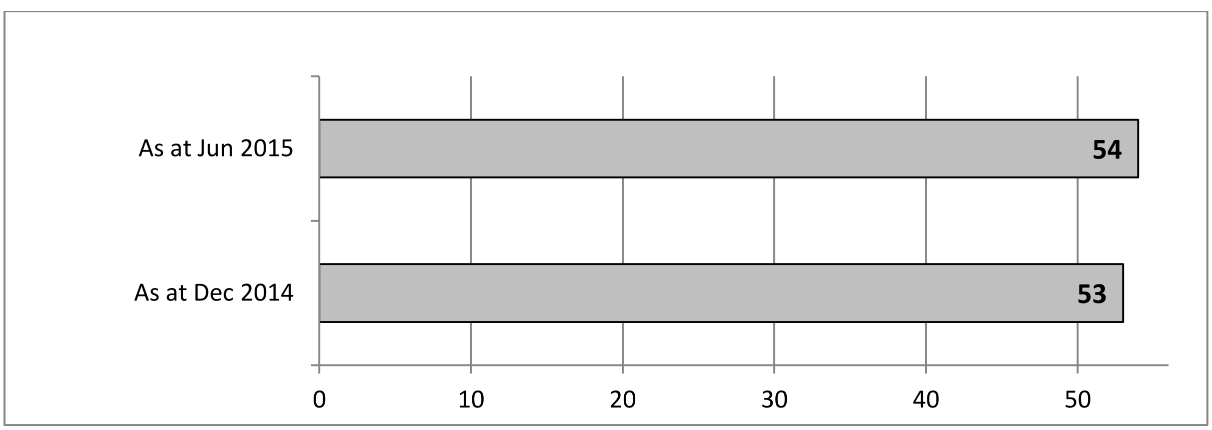
Graph 14: Remote Gaming - Class 3 Licences

Class 3 licences	As at Jun 2014	As at Dec 2014	As at Jun 2015
Class 3	35	37	33
Class 3 on 4	34	32	30
Total	69	69	63

Table 19: Remote Gaming - Class 3 Licences

Class 4 licences[14]

The number of Class 4 licence holders increased by 2% during the period starting from the end of 2014 up to the end of June 2015.



Graph 15: Remote Gaming - Class 4 Licences

[14] Class 4 – a licence to host and manage remote gaming operators, excluding the licensee itself, whereby software vendors provide management and hosting facilities on their platform. In essence, this is a business to business (B2B) gaming licence.

Class 4 licences	As at Dec 2014	As at Jun 2014	As at Jun 2015
Class 4	53	53	54

Table 20: Remote Gaming - Class 4 Licences

3. Remote Gaming - Gaming tax

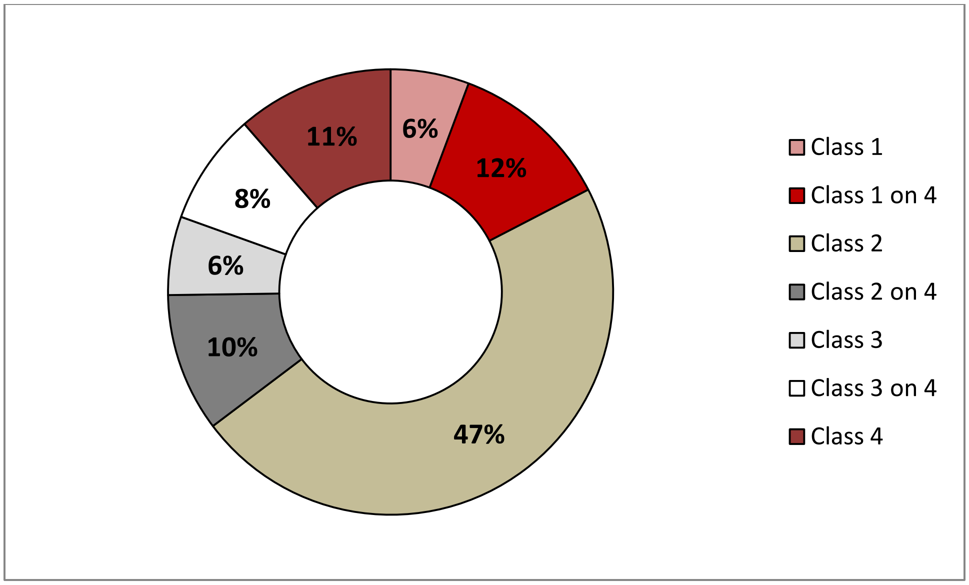
Until the end of June 2015, the Government revenue from the remote gaming tax amounted to €14,068,462. When compared to the same period last year, the MGA collected 21% more gaming tax.

Remote gaming tax	Jan - Dec 2014	Jan - Jun 2014	Jan - Jun 2015
Class 1	€1,682,140	€882,000	€802,440
Class 1 on 4	€2,700,085	€828,000	€1,645,200
Class 2	€13,251,208	€6,065,323	€6,656,323
Class 2 on 4	€1,516,214	€529,618	€1,416,182
Class 3	€1,688,901	€888,282	€802,618
Class 3 on 4	€2,231,586	€1,257,594	€1,142,659
Class 4[15]	€2,765,611	€1,148,691	€1,603,040
Total	€25,835,745	€11,599,508	€14,068,462

Table 21: Remote Gaming – Gaming Tax[16]

As at the end of June 2015, gaming tax from Class 2 licences accounted for 47% of the total remote gaming tax revenue. Tax from Class 1 on 4 represented 12% of the total tax collected, followed by Class 4 (11%), Class 2 on 4 (10%), Class 3 on 4 (8%), Class 3 (6%) and Class 1 (6%).

[15] Class 4s category includes tax paid by European Economic Area (EEA) operators working on Class 4.
[16] Remote gaming tax is based on accrued income, not on cash basis.



Graph 16: Remote Gaming - Distribution of Gaming Tax by Licence Class

4. Customer accounts

During the first six months of 2015, the average number of active customers' accounts (those on which customers played at least once) per company, licensed by the MGA, accounted for 95,449 whilst the number of suspended customers amounted to 15,332. During this reporting period, 48,052 accounts were dormant, meaning that no transaction had been recorded for a period of 30 consecutive months after the last financial activity. In the first half of 2015, on average, gaming companies licensed by the MGA reported a total of 76,231 new customer registrations.

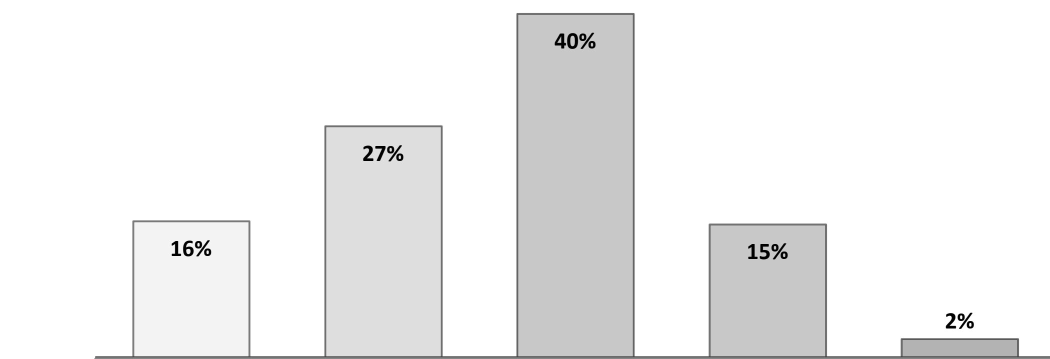
January 2015 - June 2015	Total
Active Customers Accounts[17]	19,280,620
Suspended Customers Accounts[18]	3,096,974
Dormant Customer Accounts[19]	9,706,467
New Registrations	15,398,617

Table 22: Remote Gaming - No. of Customer Accounts[20]

[17] Those accounts on which customers played at least once during the period January – June 2015.
[18] Number of accounts that have been suspended for any reason during the period January – June 2015.
[19] The accounts on which there has been no transaction recorded for a period of 30 (thirty) consecutive months after the last financial activity
[20] Customers can have an account with more than one operator. Therefore, the data refers to the number of accounts rather than the individuals holding those accounts.

5. Age Distribution of the Remote Gaming Players

Amongst all customers of the gaming companies licensed in Malta, 40% are aged between 35 - 54 years, while 27% are aged between 25 – 34 years. Around 16% of all customers are aged between 18 – 24, with customers between 55 – 64 of age constituting 15% of the entire customer base. Only 2% are 65 years or older.

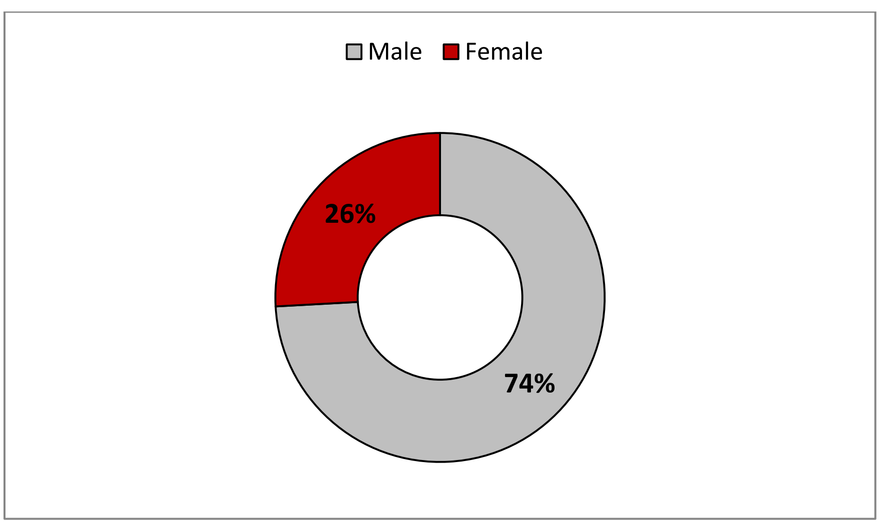


	18-24	25-34	35-54	55-64	65+
Result	16%	27%	40%	15%	2%

Graph 17: Remote Gaming Players - Age Group Distribution

6. Gender Distribution of Remote Gaming Players

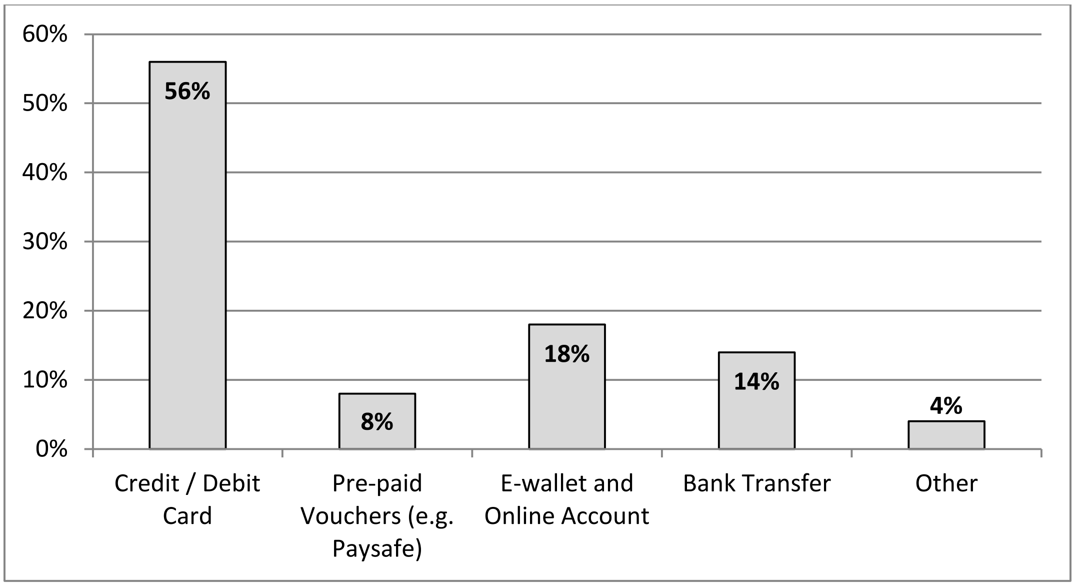
With regard to gender, in the first 6 months of 2015, 74% of the entire customers' base was male while 26% of all customers were female.



Graph 18: Remote Gaming - Gender Distribution of Remote Gaming Players

7. Method of payment

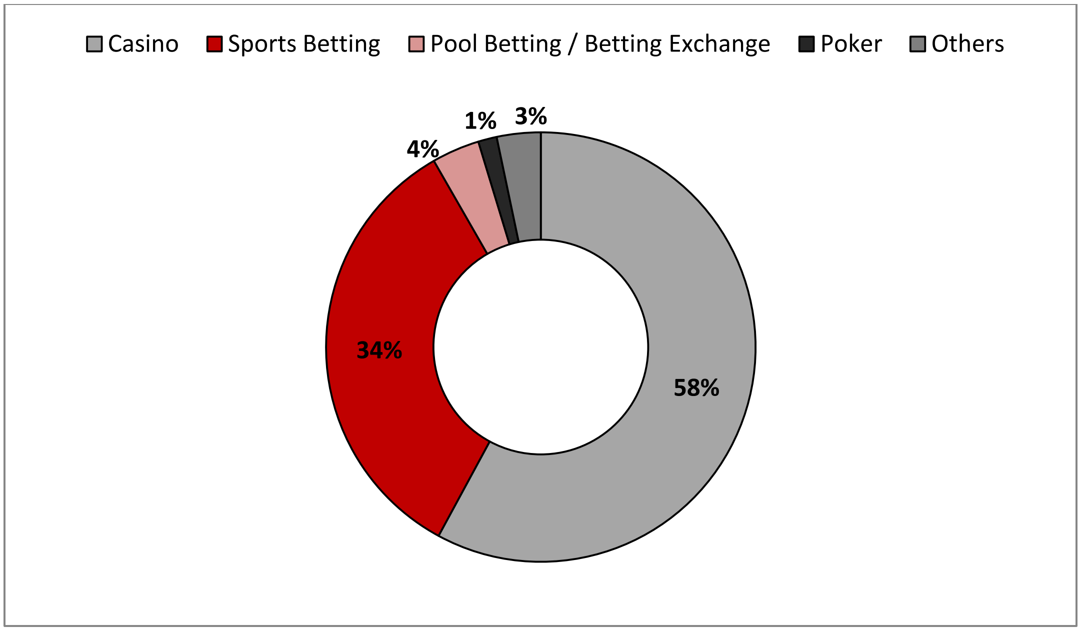
In the first six months of the year 2015, the most popular method of payment was credit / debit card (56% of the companies licensed by MGA declared that this payment method was the most common). The industry reported that 18% of all payments were made through e-wallets and online accounts while 14% through bank transfer. Only 8% of all payments were made by pre-paid vouchers.



Graph 19: Remote Gaming - Method of Payment

8. Gross Gaming Revenue Distribution

It has been estimated that between January and June 2015, almost 58% of the gross gaming revenue was generated by casino games, followed by sports betting at 34%. Pool betting / betting exchange generated almost 4% of the total GGR for the remote gaming whilst poker accounted for 1%. The remaining 3% of the GGR was generated by other games (including pure skill games, bingo and lotteries / raffles).

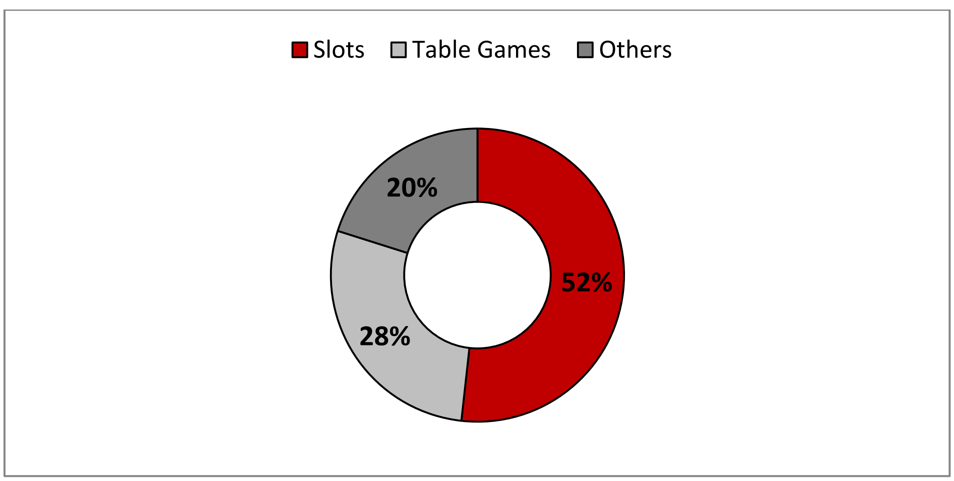


Graph 20: Remote Gaming - GGR Distribution

9. Turnover distribution[21]

- **Class 1 / Class 1 on 4**

More than half of the entire turnover for Class 1 and Class 1 on 4 was generated by slot games (52%), followed by table games (28%).

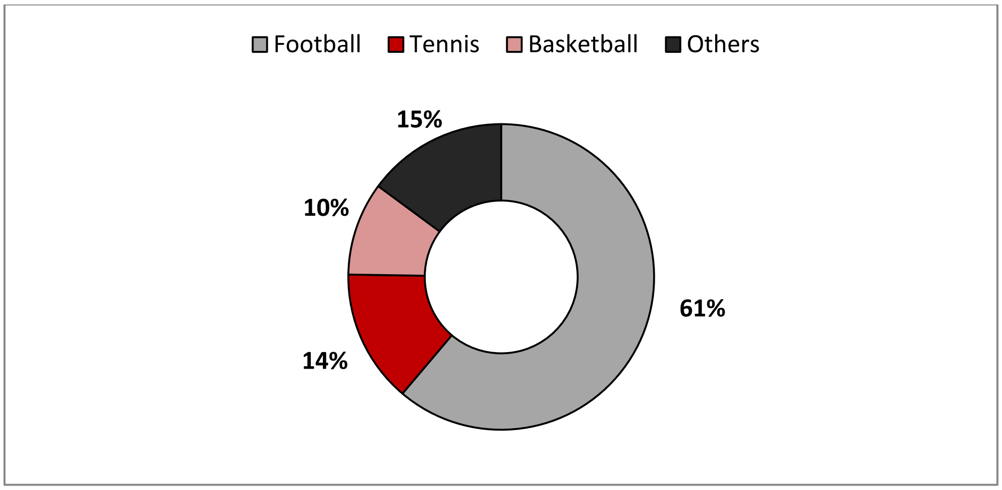


Graph 21: Remote Gaming - Turnover - Class 1 Distribution

[21] Contrary to Class 1, 2 and 3, Class 4 does not have any sub-categories of turnover. As a result, the distribution cannot be provided.

- **Class 2 / Class 2 on 4**

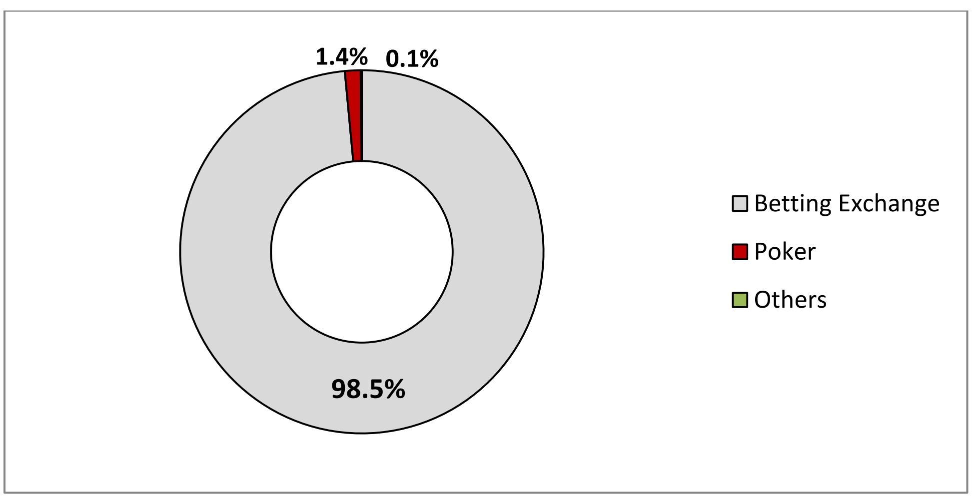
In the case of Class 2 / Class 2 on 4 licences, 61% of the turnover was generated by bets on football which accounts for more than four times the next activity – tennis (which constituted more than 14% of the turnover). Betting activities on basketball constituted around 10% of the turnover for Class 2s. The remaining 15% was generated by betting on the following activities: horses (1.7%), cricket (0.2%), motor sports (0.2%), golf (0.1%) and others (12.7%).



Graph 22: Remote Gaming - Turnover Class 2 Distribution

- **Class 3 / Class 3 on 4**

Between January and June 2015, almost the entire turnover of Class 3 licensees was generated through betting exchange (98.5%). Only 1.4% was generated from online poker.



Graph 23: Remote Gaming - Turnover - Class 3 Distribution

9. Self-Exclusion of Customers

The remote gaming companies licensed by MGA are required to provide self-exclusion facilities to their players. Self-exclusion means that customer accounts will remain closed for a minimum period of six months, and will not be reactivated under any circumstances during the exclusion period. During the first half of 2015, the average number of clients requesting self-exclusion on the gaming websites licensed by MGA amounted to 1,141.

Self-Excluded Clients	Total
January 2015 - June 2015	230,429

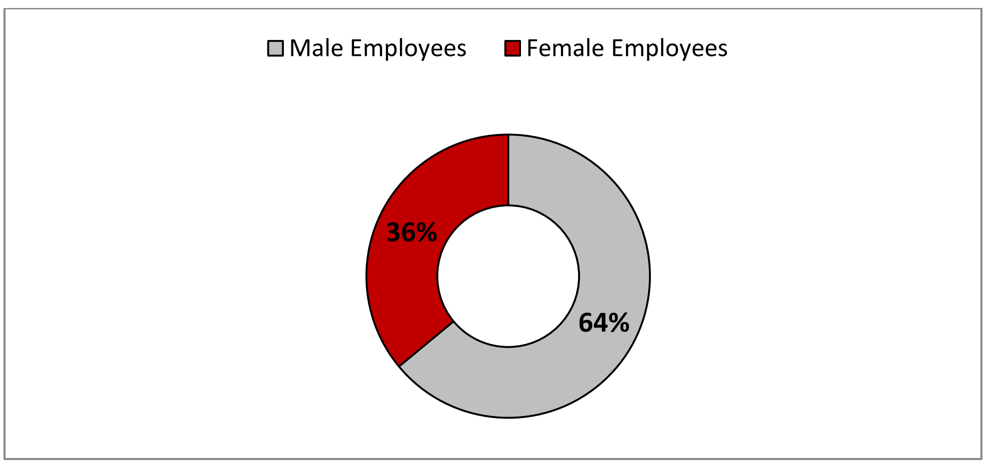
Table 23: Remote Gaming - Self-Exclusion

10. Employment

In the following section, all the gaming classes were considered, including Class 4 operations. As at 30 June 2015, the total number of full-time equivalent direct employees in Malta is estimated to be 3,318.

- **Employment distribution by gender**

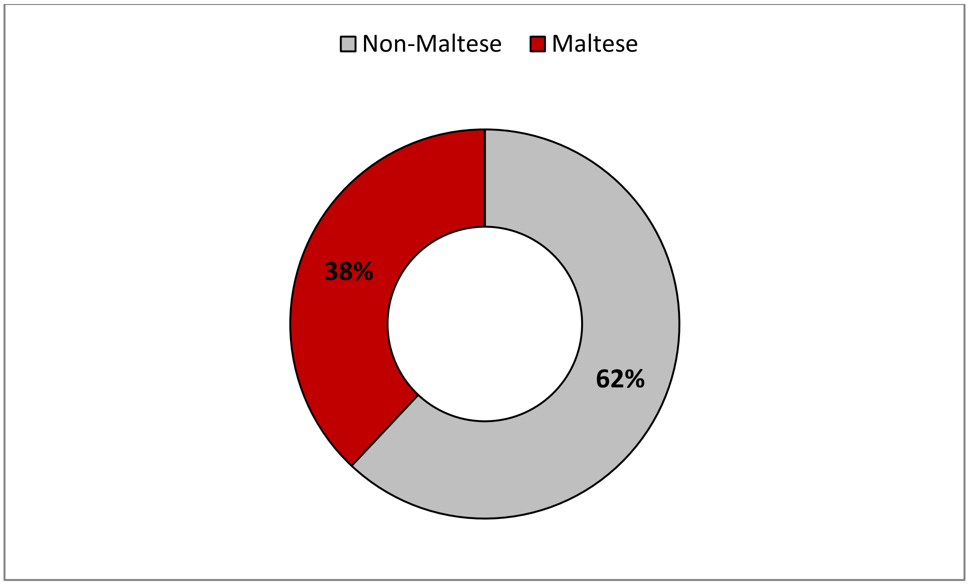
The Maltese remote gaming industry is dominated by male employees. As at 30 June 2015, 64% of all employees working in the Maltese licensed gaming companies were males while the remaining 36% were females.



Graph 24: Remote Gaming - Employment Distribution by Gender

- **Employment distribution by nationality**

Malta attracts a considerable number of foreign workers, especially in the remote gaming industry. As at 30 June 2015, 62% of all gaming employees working in Malta were non-Maltese, while 38% were Maltese.



Graph 25: Remote Gaming - Employment Distribution by Nationality

Definitions

Gaming Tax	The tax is imposed on the gross gaming revenue or turnover as stated in the regulations or the licence conditions. The applicable gaming tax and basis for computation differs by segment and class of licence.
Gross Gaming Revenue (GGR)	The amount retained by operators after payment of winnings and jackpot allocation but before the deduction of the cost of the operation. The GGR is the figure used to determine what a gaming operation earns before taxes, salaries and other expenses are paid.
Number of Visits (Casino & Gaming Parlours)	Represents the number of separate visits, rather than the number of unique customers. In cases of casino attendance, the total figure includes junket players.
Payout Ratio	The amount of money that is rewarded upon a win.
Total Spent	The total amount of money spent on gambling activities by players.
Total Player’s Winnings	The total amount won by players.
Turnover	The amount accrued through the sale of the gaming product before winnings and expenses are deducted.

Appendices

Appendix 1

Statistical Regions and Districts of Malta:

Local Administrative Units (LAUs)	
Districts (LAU 1)	Locality (LAU 2)
Southern Harbour	Cospicua, Fgura, Floriana, Ħal Luqa, Ħaż-Żabbar, Kalkara, Marsa, Paola, Santa Luċija, Senglea, Ħal Tarxien, Valletta, Vittoriosa, Xgħajra.
Northern Harbour	Birkirkara, Gżira, Ħal Qormi, Ħamrun, Msida, Pembroke, San Ġwann, Santa Venera, St Julian's, Swieqi, Ta’ Xbiex, Tal-Pietà, Tas-Sliema.
South Eastern	Birżebbuġa, Gudja, Ħal Għaxaq, Ħal Kirkop, Ħal Safi, Marsaskala, Marsaxlokk, Mqabba, Qrendi, Żejtun, Żurrieq.
Western	Ħad-Dingli, Ħal Balzan, Ħal Lija, Ħ'Attard, Ħaż-Żebbuġ, Iklin, Mdina, Mtarfa, Rabat, Siġġiewi.
Northern	Ħal Għargħur, Mellieħa, Mġarr, Mosta, Naxxar, St Paul's Bay.
Gozo and Comino	Fontana, Għajnsielem, Għarb, Għasri, Munxar, Nadur, Qala, San Lawrenz, Ta' Kerċem, Ta' Sannat, Victoria, Xagħra, Xewkija, Żebbuġ.