



Playtech Ltd

('Playtech' or the 'Company')

Interim Results for the six months ending 30 June 2011

CONTINUED MOMENTUM THROUGH THE FIRST HALF; POSITIVE OUTLOOK SUPPORTED BY SUSTAINED DEVELOPMENT AND SIGNIFICANT LICENSEE WINS

Playtech (AIM: PTEC), the international designer, developer and licensor of software and services for the online, mobile and land-based gaming industry, today announces its unaudited interim results for the six months ended 30 June 2011.

Financial highlights

- Gross income* on a continuing basis** up 19% to €95.0 million and 8% on an absolute basis (2010: €87.9 million)
- Total revenues on a continuing basis** up by 18% to €76.3 million and 5% on an absolute basis (2010: €72.9 million)
- Adjusted EBITDA*** up by 4% to €56.1 million (2010: €54.2 million), reflecting a margin of 59% on gross income (2010: 62%) despite loss of revenues from the withdrawal from the French market
- Net profit after tax up 2% to €37.9 million (2010: €37.0 million). Basic EPS €15.6c (2010: €15.3c)
- Continued high cash conversion supports robust balance sheet with €64.3 million in cash and cash equivalents as at 30 June 2011
- The Board has determined that due to exceptional joint venture and near term acquisition opportunities currently under discussion in certain key markets, it will defer a decision over the interim dividend until the final results for 2011, in order to retain maximum flexibility. Significant joint venture opportunities exist to create long term shareholder value in other regulated markets
- The Board remains confident in meeting its expectations for the year

(*) Gross income is defined as total revenue plus the Group's income from associate

(**) After excluding the impact of the withdrawal from the French offshore market

(***) Adjusted EBITDA, is calculated after adding back certain non-cash charges, and cash expenses relating to both the professional costs on acquisitions and one-off legal costs relating to the litigation with William Hill (see reconciliation in financial and operational review below)

Operational highlights

- Completion of the acquisition of PT Turnkey Services on 1 July 2011, enabling Playtech to deliver a fully integrated software and services offering to new and existing licensees; a significant extension of the Group's capabilities

- Agreement to supply Gala Coral announced in July 2011 with a full range of gaming products and technology platform, providing full player management, player retention and back-office tools across its online gaming products
- New regulation of cash poker and casino table games in Italy: new licensee Buongiorno launched casino; William Hill Online joined the iPoker.it network; and together with our existing licensees SNAI, SISAL, Eurobet, Cogetech, and BetClic, launched cash poker in the first days of the new market
- Agreement to supply the California Online Poker Association (“COPA”) with poker software ahead of any regulation of online poker in California. Sciplay, the joint venture with Scientific Games, will supply ancillary services to COPA
- Playtech’s wholly owned subsidiary, Videobet, and The Global Draw, a Scientific Games subsidiary, completed roll out of its software platform to over 20,000 Global Draw gaming machines in the UK including Gala Coral, Ladbrokes, William Hill and Tote betting shops
- Acquisition of Intelligent Gaming Systems (“Intelligent Gaming” or “IG”) in January extends Playtech’s land-based reach for multi-channel integration
- Agreement to acquire Mobenga AB (“Mobenga”) in July 2011, the mobile sports betting enabler, which will add key capability in a channel viewed as being a major contributor to new player acquisition and future growth. Completion is expected at the end of August
- William Hill Online continues to perform strongly with growth across its product portfolio. It also launched a mobile betting application with Mobenga just after the period end
- Casino Gran Madrid received the first Spanish online operator license, authorising its activities in the Madrid region and is now operational with Playtech

Current trading

Playtech has started the second half of 2011 with a strong performance despite a traditionally slow Q3, showing daily average software revenues for the first 54 days up more than 23% in comparison to the comparable quarter in 2010, and over 2% versus the previous quarter. This has been materially influenced by both the introduction of casino games and poker cash table games in Italy, and the transition of players to our poker licensees due to the suspension of the second largest poker operator. In addition, service revenues introduced for the first time through the acquisition of PTTS, are trading strongly and in line with our expectations.

Roger Withers, Non-executive Chairman, said:

"Playtech has continued to make strong progress in an uncertain market, winning new licensees, exploiting opportunities in existing and soon to be regulated markets and identifying valuable acquisitions which will add to the Group’s offering."

"Despite the complexity and uncertainty of moves towards regulation in Europe and the US, Playtech has positioned itself, both independently and through its joint ventures, to benefit from the continued growth of the online gaming market. As more jurisdictions move towards regulation, Playtech is able to offer new and existing operators a market leading suite of products and services, helping them to navigate the complexities of changing regulatory environments."

"With a strong pipeline of new opportunities and the continued development of our offering, we look to the second half and beyond with optimism and are excited about the future as Playtech is increasingly consolidating its position as the supplier of choice for technology and services for the worldwide online gaming industry."

– Ends –

There will be a meeting and presentation for analysts commencing at 10.30 am today at The Lincoln Centre, 18 Lincolns Inn Fields, London, WC2A 3ED.

A live video webcast and slide presentation of the analysts' meeting will be available on the Group's website from 10.30 am today at: <http://www1.axisto.co.uk/webcasting/investis/playtech/2011-interim-results/index.html>

For further information contact

Playtech Ltd +44 (0) 20 7861 3232
Mor Weizer, Chief Executive
David Mathewson, Chief Financial Officer
Ross Hawley, Head of Investor Relations
c/o Pelham Bell Pottinger

Collins Stewart +44 (0) 20 7523 8000
Piers Coombs
Bruce Garrow

Deutsche Bank +44 (0) 20 7545 8000
Andrew Smith

Pelham Bell Pottinger +44 (0) 20 7861 3232
David Rydell
Olly Scott
Guy Scarborough

Chairman's statement

I am pleased to report that Playtech has achieved further progress towards its strategic goal of being the leading provider of software systems and services to the worldwide gaming industry. The underlying performance of Playtech's business continues to be resilient, and the Group has made a number of acquisitions and strategic alliances in the period which will contribute to the attainment of its strategic objectives. Of particular note is the acquisition of PT Turnkey Services Limited (PTTS) and its subsidiaries, which was announced in March and completed on 1 July 2011, which will allow the Group to provide an integrated solution encompassing both software and services to new and existing operators of online gaming businesses and is an important development in enhancing our offering in regulated markets.

The online gaming market continues to grow, however, the past year has brought more complexity as operators grapple with the piecemeal move towards local regulation across Europe. This is combined with uncertainty about the pace and direction of any regulatory moves, both in some major European markets and in the US. Nevertheless the momentum towards regulation continues and the Group is well-positioned to take advantage of these industry dynamics and the opportunities presented in both existing and newly-regulated markets.

In many markets where certain forms of online gaming are being regulated, incumbent land-based operators have a significant advantage through an established presence and brand recognition, but they lack the systems and expertise to develop an effective online presence. We believe that the ability to offer an integrated solution to these operators, encompassing technology, marketing and ancillary services, will allow us to capitalise on some of the most exciting opportunities in the sector.

We have seen important developments in our strategic alliances during the first half of the year. I am pleased that our relationship with William Hill has been put on a sounder footing following agreement to grant greater flexibility to our respective operations. The William Hill Online venture continues to

grow and contributed €18.7 million in the period, before amortisation of intangibles. Our alliance with Scientific Games has also clearly started to reap benefits, both in the UK through Videobet and in the US with the first mandate for our joint venture, Scisplay.

Earlier this year David Mathewson was appointed as the Group's Chief Financial Officer and took up this position from the conclusion of the Annual General Meeting in May. David brings longstanding financial markets, public company and sector experience and will be a valuable addition to the executive team. Shuki Barak stepped down from the Board after five years, but I am pleased he will continue to play a key role in Playtech's commercial development.

Despite continued global economic uncertainty, and the difficult environment in the sector, Playtech continues to trade strongly and is well positioned to take advantage of opportunities as they arrive.

Finally, I would like to thank everyone associated with Playtech for the contribution they have made in the first half of the year. It is their enthusiasm, expertise and dedication that makes Playtech the successful company it is today. The Group has a strong pipeline of new business, new geographic markets to target, exciting products to launch and is now able to offer its customers a full turnkey capability undertaken by one of the most experienced and successful teams in our industry.

In conclusion, the Board is confident that Playtech will continue to make strong progress for the remainder of 2011 and beyond.

Roger Withers
Chairman
25 August 2011

Chief Executive Officer's report

Overview

I am pleased to report that Playtech has maintained considerable momentum throughout the first half of 2011, making progress on its strategic objectives and delivering a strong financial performance, with gross income up by 19% to €95.0 million and revenues up by 18% to €76.3 million excluding the impact of the withdrawal from the French offshore market at the end of H1 2010. On an absolute basis gross income is up by 8%, revenues are ahead by 5% to €76.3 million and adjusted EBITDA is up by 4% to €56.1 million. The business continues to be resilient in what are tough market conditions, and we are focused on attracting substantial licensees in both regulated and soon-to-be-regulated markets.

The contracts announced with Gala Coral in the UK, the Californian Online Poker Association (COPA) and for Casino Gran Madrid, together with the launch of new Italian products in regulated format, all demonstrate that we are positioning ourselves well as markets evolve. These licensees are set to deliver incremental revenue streams in the coming financial periods and over time will grow our regulated market income significantly.

The Group has made three acquisitions since 31 December 2010, most notably the acquisition of PT Turnkey Services (PTTS) which has given us a substantial marketing and ancillary services offering which we see as being crucial to the future of the business. We also broadened our distribution channels through the acquisition of Intelligent Gaming, extending our reach onto the land-based casino floor, and in July we signed an agreement for the acquisition of Mobenga, the leading mobile sports book developer in a segment which is set to become a key distribution channel for many operators.

Taken together with our operational successes this half, such as the FOBT rollout in the UK, Playtech is consolidating its position as the supplier of choice for B2B to the worldwide gaming industry with significant scale and breadth and a highly differentiated product offering.

Strategy

Our strategy has been developed against the backdrop of ongoing and fundamental change in the industry and with many new and exciting opportunities across the globe. Regulation is under active consideration in most geographic regions and all continents, with well established local or regional land-based operators set to be the main beneficiaries.

Within this context, Playtech has made good progress against its strategic objectives for the year. Our market position and financial strength have allowed us to be flexible and opportunistic, both in our acquisition strategy and in the way we seek to address regulating markets. As key markets undergo substantial transformation, it is vital that we retain as flexible an approach as possible.

We have been successful in targeting well-established local operators in key regulated and soon-to-be-regulated markets, and can offer them an increasingly broad product suite and means of addressing their players, whether at home, on the move or in a land-based venue.

While land-based operators may have a strong local presence and market understanding, they have increasingly recognised that they are less well equipped to compete against traditional online operators who are well versed in the techniques and strategies particular to the online marketplace. As a result many are also looking for expertise and support as they enter what is a highly sophisticated and competitive market segment, and with the acquisition of PTTS now complete, we can satisfy this requirement.

PTTS brings a truly exciting new dynamic to the business enabling us to offer customers a turnkey solution, including one of the most significant marketing capabilities in the industry. This acquisition delivers more opportunities across Playtech's business to win client mandates, but at the same time it does not change the essence of our business model and we remain committed to being a B2B provider.

We have also been able to successfully combine our capabilities with those of our strategic partners, leading to our joint venture, Sciplay, being awarded the related mandate to provide services for COPA in California, and in the UK's gaming machine segment through our agreement with The Global Draw.

While we have maximised our potential in these areas, the growing sophistication of our licensees and the increasing regulatory burden requires greater investment and preparation for launch than has historically been the case in the dot.com markets. We are, however, confident that as these markets grow in regulated format, they will deliver economies of scale that are inherent in our business model and the core of our strategy.

Licensees and regulated markets

Playtech's focus on increasing its exposure to regulated markets has continued in the first half of 2011 as the Group prepared for launches in key markets, including Italy and the UK, the soft launch of the first licensed operator in Spain; and the announcement of potentially very significant licensees.

In Italy, the long awaited regulation of cash poker and casino table games took place in the middle of July. In advance of this, William Hill Online joined the iPoker.it network, and along with our existing Italian licensees SNAI, SISAL, Eurobet, Cogetech, and BetClic, successfully launched in the first days of the new market, together with new casino licensee Buongiorno. Italy has the potential to become a very significant revenue generator having already shown signs of strong growth even during the traditionally slow summer period.

In the UK, our subsidiary Videobet worked with The Global Draw throughout the first six months, rolling out its software platform to over 20,000 Global Draw gaming machines in land-based betting shops for Gala Coral, Ladbrokes, William Hill, Tote and others.

In Spain, Playtech has worked with Casino Gran Madrid to prepare for a regulated online market and it received the first operator license in May, authorising its casino and poker activities in the Madrid region.

Together with these licensees, which are now operational, a number of significant contracts were announced. In May we announced the signing of a poker software contract with COPA, the Californian Online Poker Association. COPA is the largest Californian gaming association and is comprised of 29 federally recognised California tribal governments, including some of the largest gaming tribes, and 31 California card clubs.

California is currently considering legislation that would allow legal operation of intrastate, online poker. In advance of such legislation, this agreement with Playtech and a services agreement with Scisplay will enable COPA to offer poker online in a "play for fun" mode, which is planned for launch later this year.

This was followed in July by the announcement of a technology contract with Gala Coral, the major gaming group, which has a substantial land-based presence and an online gambling business both in the UK and Europe. Playtech will provide a full range of gaming products and its IMS player management platform, and will provide full player management, player retention and back-office tools. The platform will support Gala Coral's operations and it is expected that the migration from existing suppliers to the Playtech platform and products will commence in the first half of 2012.

Elsewhere, Playtech continues to pursue opportunities to expand its range of products and content with existing licensees, and to identify operators who may be looking to upgrade from their existing software supplier.

William Hill Online

There has been considerable progress in Playtech's relationship with its William Hill Online (WHO) with an agreement to grant greater flexibility for both our operations. Following a very strong performance in 2010, WHO has continued to deliver excellent results in the first half of 2011, with strong growth in net revenue and operating profit which was 24% ahead of the previous year. Playtech's non-controlling interest resulted in a share of profit of €18.7 million (2010: €15.0 million) for the period, before amortisation of intangibles.

WHO saw growth across its product portfolio, particularly in-play betting, and an increase of more than 600% in mobile betting. It also launched a mobile betting application with Playtech's recently announcing the acquisition of Mobenga just after the end of the period. In July, WHO entered the regulated Italian market and joined Playtech's poker network, as well as launching a range of Playtech's casino games targeted at Italian players.

Gaming net revenue grew 15% in the first half in spite of the comparator period including revenues from France, from which WHO withdrew in June 2010. Casino net revenue grew 14%, benefitting from further enhancements in the Flash-based product range which supports cross-sell of Sports book customers into gaming. Underlying casino net revenue, excluding the effect of the France withdrawal, grew 29%. Bingo and Poker also grew, up 25% and 11%, respectively.

Acquisitions

Over the past two years, Playtech has used acquisitions as part of its core strategy of developing scale and breadth in the product range and to extend our technology capabilities. It has helped us to best position ourselves for the opportunities that are coming from the market transition to regulated markets, and to accelerate our growth in areas such as open-architecture platform, or network liquidity.

The success of historic acquisitions such as Tribeca, GTS and Virtue Fusion have, demonstrated the validity of this strategy and our ability to integrate businesses into the Playtech platform. As we look to the future we are currently in discussions on a number of exciting acquisition and partnership

opportunities which we believe will prove earnings accretive, delivering long term benefits to shareholders.

Since January we have undertaken three acquisitions which are set to broaden our overall offering, each with the potential to deliver incremental revenues for the core software products as well as in their own right. These acquisitions enhance the scale and breadth of the Playtech platform and can deliver to an operator a highly flexible suite of products and services based on one single integrated technology platform.

The acquisition of Intelligent Gaming in January, which provides casino management systems to land-based operators, brought a greater land-based reach to the platform. As operators look to develop an online presence, the casino management system provides a gateway to the integration of both formats in a seamless solution across all channels.

In March, we announced the acquisition of PTTS, the leading B2B services provider, which completed on 1 July 2011. PTTS delivers material value and expertise to its licensees across the key elements of player acquisition and retention, together with the opportunity to realise substantial cost efficiencies through the outsourcing of operational services which benefit from economies of scale.

For new operators preparing to enter highly competitive online regulated markets, Playtech's turnkey solution levels the playing field for them and brings a decade of expertise to bear on their behalf, including access to some of the most powerful marketing affiliates in the industry. PTTS utilises Playtech's software and so operators contracting for a turnkey solution will also generate incremental revenues for Playtech's core software products.

Most recently, we announced the acquisition of Mobenga, the market-leading mobile enabler specialised in taking betting and gaming companies' business to the mobile channel. It is recognised as providing the most flexible platform for operators seeking to deliver sports betting on to smart phones and tablets.

For Playtech, this acquisition adds highly regarded technology in a segment viewed as being a key contributor to new player acquisition and the future growth in online gaming. Some operators are reporting in excess of one third of new business coming from this new channel, as mobile demonstrates it has come of age after a number of years of underperformance, and this percentage is expected to rise further.

The acquisition will also facilitate the integration of other mobile gaming offerings such as casino or games, uniquely positioning Playtech as the premier mobile gaming provider across a broad range of products. By integrating the market leading mobile sports betting platform delivering strong traffic generation, with Playtech's pre-eminent gaming capability, we are very well set to capitalise on one of the most significant of sector growth themes.

Products

Playtech's licensees benefit from a highly flexible open-architecture gaming platform and a best-of-breed product range. Alongside our acquisition strategy, we continually invest in improvements to the product suite, gaming content and cross platform capability in order to keep our operators at the forefront of the industry and best able to negotiate the challenging market environment.

In the first half of 2011, this development work included improvements to the operator tools and functionality, such as an enhanced quick deposit function, a range of new dynamic player alerts and a revamped real-time KPI dashboard. Other projects included specific tools for certain regulated markets, including Finland, Spain and Italy.

Casino

Playtech's leading casino product has continued to perform strongly in the first half of the year, achieving revenues of €52.7 million. Excluding the impact of the closure of the French offshore market, this was a rise of 23% on the prior year. New branded games such as Kong, The 8th Wonder

of the World and Iron Man 2 were launched, together with themed or seasonal content such as Easter Surprise and Tennis Stars.

We have undertaken an extensive development of our live casino product and have started rolling out a new version that includes new user interfaces and a rich set of new functionality. We believe that such an innovative casino format will be very appealing, especially in regulated markets where land based gaming operators penetrate the market, allowing them to differentiate themselves and have a unique offering that brings the gaming experience one step closer to the players.

There was substantial preparation in advance of the launch of the Italian and Spanish regulated markets, and additional product development including a new casino lobby, mini-games platform and a move to monthly releases of new games. In recognition of the strength of its casino product, Playtech was named *eGaming Review's* RNG Casino Supplier of the Year.

Poker

The international poker market continued to be subdued for the first four months of the year, but then experienced a seismic change with the indictment of a number of leading US-facing operators in April. There has been considerable change in player activity and deposits following the subsequent suspension of the license of the second largest poker operator, as players sought to move their accounts to other operators.

The clearest beneficiaries of this move have been leading operators with notable brands who have enjoyed considerable increases in new player deposits. Overall, the iPoker network has seen a material increase in activity as the poker market has become more balanced. In particular, our tournament volumes have been significantly higher in recent weeks and with the launch of Italian cash games in July there has been additional positive sentiment and activity.

Despite the new momentum, overall Poker revenues fell to €10.7 million in the first half of 2011, a 25% decline on the prior year when excluding the impact of the closure of the French offshore market. Development work in the period included further work for RAY in Finland after its launch, together with preparation for new poker regulations in Italy and Spain, and a new mobile poker product.

Bingo

Playtech's bingo product has continued to perform very strongly, delivering a 59% increase in revenues on the prior year to €7.1 million, helped by the launch of Unibet and Nordic Gaming around the start of the year. The acquisition of Virtue Fusion in February 2010, part way through the prior period, impacts on the comparable figures.

The development focus in the first half of the year has included preparation for the new Virtue Fusion-based bingo platform in Italy, delivering increased functionality, together with embedded casino games in advance of casino regulations. In addition there were a number of new features including customer retention tools delivered to network licensees. Virtue Fusion again won a number of industry awards, including *eGaming Review's* Bingo Network of the Year, and the Bingo Summit's Best Bingo Software for the third year running.

Videobet and Intelligent Gaming

Our server-based gaming machine division, Videobet, has had an outstanding six months, working with The Global Draw to roll out its technology platform to Global Draw's UK bookmaker licensees in over 5,400 betting shops. By the end of the period, the total number of machines operating under these agreements exceeded 20,000. Revenues are generated in part by a fixed contract for a portion of the machine base once operational, together with a revenue share over the 7,500 Ladbrokes machines. Revenues under these contracts reached €2.9 million in the period, over double that of the prior year.

We continue to work with The Global Draw on converting its non-UK machine base, developing new content for the gaming machine licensees and exploring new opportunities together. Outside our

contract with The Global Draw, there has been progress in a number of Eastern European countries and further development work on the platform.

Since its acquisition in January, Intelligent Gaming has progressed well with further installations in Asia, Ireland, Mexico and the UK, and undertaken development work with Playtech to integrate its land-based systems into the Playtech technology platform.

Mor Weizer
Chief Executive Officer
25 August 2011

Financial and operational review

In my first review for shareholders, I am pleased to report on another robust financial performance, with gross income for the six month period rising by 8% to €95.0 million (2010: €87.9 million) and total revenues increasing by 5% to €76.3 million (2010: €72.9 million).

Gross income comprises total revenues and Playtech's share of profit from its associate income in William Hill Online (WHO), which generated €18.7 million (2010: €15.0 million), up 25% on the previous year.

The increase of 8% in gross income over the comparable period resulted from the generation of over 17% of incremental income, representing a strong performance which more than offset a negative impact of just over 9% from the withdrawal from the French offshore market, following the introduction of new regulation and an unfavourable tax regime in June 2010.

Of this incremental income, existing licensees delivered 8.5% with a further 4.6% coming from new business, defined as licensees or products which had been launched within the past 18 months; and included revenues from Videobet's operations in the UK, which contributed 1.8%. A further 4.2% came from the rise in the share of income from WHO.

Casino revenues increased by 7% to €52.7 million (2010: €49.1 million), poker revenues decreased 33% to €10.7 million (2010: €15.8 million) and bingo revenues increased 59% to €7.1 million (2010: €4.5 million).

Revenues from the Company's Videobet subsidiary totalled €2.9 million (2010: €1.3 million), an increase of 119% due to the completion of the roll out of gaming machines by The Global Draw which utilise Videobet's software. There are now over 20,000 machines in the UK operating Videobet software under this contract.

Adjusted EBITDA for the six month period totalled €56.1 million (2010: €54.2 million), a margin from gross income of 59% (2010: 62%). This margin was materially impacted by the withdrawal of licensees from France offshore market and a further investment in staff ahead of developments in regulating markets, such as Spain and Italy.

While the shift by the industry towards locally regulated markets presents the Group with exciting opportunities to win significant new clients in each newly regulating market, it requires appropriate investment in infrastructure or software architecture in each jurisdiction, both to win contracts and to support licensees through complex regulatory approval processes. Much of this is in advance of the launch of a new market and thus the related revenue benefits follow as these new markets go live.

I am pleased to report that Playtech remains cash generative, with high cash conversion of adjusted EBITDA, resulting in net cash balances of €64.3 million at 30 June 2011.

Adjusted EBITDA

Adjusted EBITDA is calculated after including the income from Playtech's associate, WHO, together with adding back one-off expenses related to both professional costs on acquisitions and one-off legal costs related to the litigation with William Hill, and excluding various non-cash charges as detailed below. Management believes that these results, excluding such one-off and non-cash items, best represent the underlying trading results of the Group.

	H1/11	H1/10
	€000	€000
Operating profit	21,829	28,989
Amortisation	7,804	6,382
Depreciation	1,837	1,423
EBITDA	31,470	36,794
Share of profit in WHO	18,720	15,013
Employee stock option expenses	2,620	1,825
Professional expenses on acquisitions	1,256	765
One-off legal costs relating to the litigation with William Hill	1,486	-
Change in fair value of available-for-sale investments	551	(231)
Adjusted EBITDA	56,103	54,166
Adjusted EBITDA margin (as a % of gross income)	59%	62%

Reported net profit and earnings per share

Reported net profit for the period increased by 2% to €37.9 million (2010: €37.0 million). This includes certain one-off costs and costs relating to current and historic acquisitions and fair value adjustments to investments (see adjusted net profit table below).

Reported earnings per share (EPS) for the period were 15.6 € cents based on the weighted average number of shares of 242.6 million (2010: 15.3 € cents / 241.6 million shares). The diluted EPS for the period was 15.3 € cents based on 247.6 million shares (2010: 14.7 € cents / 250.8 million shares).

Adjusted net profit and adjusted earnings per share

	H1/11	H1/10
	€000	€000
Net profit	37,860	36,958
Amortisation of intangibles on acquisition of WHO	2,864	4,922
Amortisation on acquisitions	4,004	3,564
Employee stock option expenses	2,620	1,825
Professional expenses on acquisitions	1,256	765
One-off legal costs relating to the litigation with William Hill	1,486	-
Change in fair value of available-for-sale investment	551	(231)
Discounting of deferred and contingent consideration	115	358
Exchange differences on deferred consideration	(26)	2,394
Adjusted net profit	50,730	50,555
Adjusted net profit margin (as a % of gross income)	53%	58%
Adjusted basic EPS (€cents)	20.9	20.9
Adjusted diluted EPS (€cents)	20.5	20.2

Amortisation on acquisitions of €4.0 million included amounts relating to Tribeca (€1.6 million); Virtue Fusion (€1.7 million); and GTS (€0.7 million).

For the 2010 financial year, in order to better represent the underlying trading results of the Group, the non cash item related to exchange differences on deferred consideration was excluded from adjusted net profit. This approach has continued to be adopted for the 2011 half year and the comparative period has been adjusted to reflect the presentation adopted in the 2010 full year. Accordingly, the exchange difference of €2.4 million for the comparative period has been added back to net profit, resulting in a revised adjusted net profit of €50.6m and adjusted EPS of 20.9 € cents per share for the 2010 half year.

Cost of operations

Adjusted operating expenses for the six months ended 30 June 2011 increased by 15% to €38.9 million (2010: €33.7 million) mainly due to higher employee-related costs, and increased revenue-based fees payable to third parties. These items made up 76% of Playtech's adjusted operating expenses.

In the six months ended 30 June 2011, employee costs totalled €21.6 million (net of development cost capitalised in the amount of €3.9 million) an increase from €18.8 million in the prior year. As a percentage of adjusted non-revenue related costs, employee costs have remained steady at just below 70% over the three accounting periods since the start of 2010.

The rise in headcount in the first half of 2011 reflects the Group's investment in the additional sales and support teams required in regulated or soon to be regulating markets and in preparation for key projects, such as the migration of Gala Coral, and the impact will be seen in the second half of the year.

Revenue driven costs comprise mainly fees paid to sales agents and license fees paid to third parties for branded content, which are typically calculated as a share of the revenues generated from a particular game. These costs have risen as branded games, such as Pink Panther, Rocky, Iron Man 2 and The Punisher, increase in popularity.

Playtech has maintained a careful focus on managing cost inflation across the business, and other cost line items of office, travel and other operating costs have remained relatively steady.

Adjusted operating expenses

	H1/11	H1/10
	€000	€000
Operating expenses	54,500	43,903
Amortisation and depreciation	(9,641)	(7,805)
Change in fair value of available for sale investments	(551)	231
One-off legal costs relating to the litigation with William Hill	(1,486)	-
Professional costs on acquisitions	(1,256)	(765)
Employee stock option expenses	(2,620)	(1,825)
Adjusted operating expenses	38,946	33,739

Amortisation and depreciation costs of €9.6 million include depreciation of €1.8 million and amortisation of €4.0 million related to historic business acquisitions, not including amortisation relating to the investment in WHO. Of the remaining €3.8 million, €3.0 million was from internally generated development costs and €0.8 million related to other intangibles.

Employee stock option expenses included €1.3 million relating to the Board's decision to extend the life of options from five years to 10 years, to make them more of a retention tool and bring them in line with comparable long term incentive plan arrangements. Expenses relating to new option grants amounted to €0.4 million.

Adjusted operating expenses - cost analysis

	€000	% of total adjusted operating expenses excluding revenue driven cost
Adjusted operating expenses	38,946	-
Revenue driven costs	7,898	-
Adjusted operating expenses excluding revenue driven costs	31,048	-
Employee related costs	21,637	69.7%
Administration and office costs	4,553	14.8%
Travel, exhibitions and marketing costs	2,309	7.4%
Other operational costs	2,548	8.1%

Financial income and tax

Cash is principally held in short-term deposits, which generates a small amount of interest income. Interest received in the six months ended 30 June 2011 totalled €0.4 million (2010: €0.4 million). Financial income also includes €1.0 million received as a dividend from AsianLogic Limited (2010: €0.2 million).

The tax charge in the six months ended 30 June 2011 is negligible (2010: €0.8 million), due to a tax credit in a subsidiary following agreement with local revenue authorities. The tax charges, excluding this adjustment, were €0.6 million, which represents an effective tax rate of 1.5% (2010: 2.0%).

Cash flow

Cash and cash equivalents as at 30 June 2011 amounted to €64.3 million (2010: €60.0 million), representing 16.6% (2010: 16.2%) of the Group's total assets.

In the period ended 30 June 2011, the Group generated €27.4 million from its operating activities (2010: €44.8 million), the majority of the differential between the six months to June 2011 and 2010 relates to the build up of progressive balances in 2010 and payments of winnings in 2011. Cash used in investing activities was €8.2 million (2010: €25.6 million) the majority of which was cash paid relating to the acquisitions of Virtue Fusion, GTS, and IGS assets of €14.1 million; investments in joint ventures of €4.1 million (2010: €nil), and the acquisition of property, plant and equipment and capitalised development costs of €7.5 million, but netted off by the dividend received from the investment in WHO of €17.6 million. In the same period of 2010 cash usage was principally for the acquisition of Virtue Fusion assets and the investment in Sportech.

The Group's cash usage in financing activities was €23.5 million (2010: €18.0 million), the majority of which was represented by the final dividend of 2010.

In June 2011, the Group distributed a final dividend of €9.6c per share, totalling approximately €23.4 million in respect of the year ended 31 December 2010.

Investment in International Terminal Leasing and Intelligent Gaming Systems

As part of the partnership between Videobet and Scientific Games, the Group formed an additional Joint Venture called International Terminal Leasing (hereinafter "ITL") in March, for the purpose of supplying gaming terminals to Global Draw, mainly dedicated to Ladbrokes. Total contributions of €7.1 million for the purchase of gaming machines have been made during 2010 and the first half of 2011,

On 26 January 2011, the Group acquired 100% of the shares of Intelligent Gaming Systems Limited ("Intelligent Gaming" or "IG"), a provider of software based casino management systems to land-based casinos. An initial consideration of €2.9 million (£2.5 million) was paid in cash and an additional

consideration of up to €3.5 million (£3.0 million) is payable dependent upon the adjusted PBT performance of IG in 2011 to 2013 in the first half of each following financial year.

Acquisition of business and assets of PT Turnkey Services Limited

On 1 July 2011 the Group acquired 100% of the issued share capital of PT Turnkey Services Limited (PTTS) from Worldwide Online Enterprises Limited, a company which owns various assets of associated businesses, including certain companies related by virtue of a significant common shareholder. The consideration has been structured to enable payment out of existing resources and future cash flows and incorporates a performance related element dependent on PTTS and its subsidiaries (the PTTS Group) meeting certain targets.

The initial cash consideration for the acquisition of PTTS is €140 million, subject to a working capital adjustment (the Initial Consideration) which is to be paid in regular instalments over the next two years. In addition, further consideration may be payable, to the extent that the adjusted EBITDA of the PTTS Group for 2014 exceeds certain targets. The further consideration is capped at €140 million and will be paid in four broadly equal non-interest bearing instalments over the 18 months following its determination in 2015.

As stated at the time the transaction was announced, it is expected that the acquisition of PTTS will be earnings accretive in 2011, on an adjusted earnings basis, and I am pleased to report that, on the basis of trading for the PTTS Group in the first half of the year and since completion, the Board remains confident that the transaction will be earnings accretive.

Balance sheet

Cash and cash equivalents as at 30 June 2011 were €64.3 million (2010: €60.0 million). Trade receivables as at 30 June 2011 totalled €14.7 million (2010: €11.6 million), the majority of which represented debts due from licensees for the month of June 2011 which were received in the next month.

Intangible assets as at 30 June 2011 totalled €101.7 million (2010: €99.0 million), the majority of which comprised the customer lists purchased from Tribeca, GTS Group and Virtue Fusion Limited; goodwill due to Tribeca, GTS Group and Virtue Fusion Limited; patent and intellectual property rights and development costs of products such as new games and platforms.

Available for sale investments of €10.4 million (2010: €12.0 million) represent the Group's investments in Sportech and AsianLogic.

Deferred consideration in the amount of €13.8 million as at 30 June 2011 (2010: €16.2 million) represents the present value of the remaining consideration to be paid for the investment in the WHO transaction. The deferred consideration is payable by the end of 2012 due to an extension of payment terms granted by the vendor of the original purchased assets.

Contingent consideration in the amount of €6.9 million (net of discount of €0.2 million) as at 30 June 2011 represents the present value of the contingent consideration to be paid for the investment in GTS Group and IG (2010: €12.2 million). The reduction reflects the payment of contingent consideration on the Virtue Fusion acquisition of €8.1 million.

Investments in equity accounted associates and joint ventures mostly relate to the investment in WHO of €159.2 million (2010: €165.6 million).

Dividend

The Board has determined that, due to exceptional strategic M&A and partnership opportunities which are currently under discussion, in order to retain maximum flexibility it will defer a decision over the interim dividend until the final results for 2011.

David Mathewson
Chief Financial Officer
25 August 2011

Unaudited Consolidated Statement of Comprehensive Income

	Note	For the six months ended		For the year ended
		30 Jun 11	30 Jun 10	31 Dec 10
		€000	€000	€000
Revenues		76,329	72,892	142,294
Distribution costs		(41,044)	(33,810)	(72,867)
Administrative expenses		(13,456)	(10,093)	(24,118)
		(54,500)	(43,903)	(96,985)
Operating profit before the following items:		34,060	37,730	68,863
Professional expenses on acquisitions		(1,256)	(765)	(1,802)
Employee stock option expenses		(2,620)	(1,825)	(5,855)
Amortisation of intangible assets		(7,804)	(6,382)	(13,674)
(Decline)/increase in fair value of available for sale investment	6	(551)	231	(2,223)
Total		(12,231)	(8,741)	(23,554)
Operating profit		21,829	28,989	45,309
Financing income		1,340	1,608	1,690
Exchange rate differences - deferred consideration		26	-	-
Total financing income		1,366	1,608	1,690
Financing cost - discounting of deferred consideration		(115)	(358)	(736)
Financing cost - other		(752)	(216)	(424)
Exchange rate differences - deferred consideration		-	(2,394)	(1,200)
Total financing cost		(867)	(2,968)	(2,360)
Income from associate		18,720	15,013	30,792
Amortisation of intangibles in associate		(2,864)	(4,922)	(8,266)
Share of profit of associate	3a	15,856	10,091	22,526
Share of net loss in joint ventures	3b,c	(322)	-	(152)
Profit before taxation		37,862	37,720	67,013
Tax expense		(2)	(762)	(2,343)
Profit for the period attributable to the equity holders of the parent		37,860	36,958	64,670
Other comprehensive income for the period:		-	-	(1,025)

	Note	For the six months ended		For the year ended
		30 Jun 11	30 Jun 10	31 Dec 10
		€000	€000	€000
Transfer to profit and loss on sale				
Adjustments for change in fair value of available for sale equity instruments	6	-	(2,414)	-
Total comprehensive income for the period attributable to equity holders of the parent		37,860	34,544	63,645
Earnings per share (in cents)	7			
Basic		15.6	15.3	26.7
Diluted		15.3	14.7	25.7

Unaudited Consolidated Statement of changes in Equity

	Additional Paid in Capital	Available for sale reserve	Retained earnings	Total
	€000	€000	€000	€000
For the six months ended 30 June, 2011				
Balance at 1 January 2011	189,690	-	110,260	299,950
Changes in equity for the period				
Profit for the period	-	-	37,860	37,860
Other comprehensive income for the period	-	-	-	-
Dividend paid	-	-	(23,377)	(23,377)
Purchase of treasury shares	-	-	(366)	(366)
Exercise of options	279	-	-	279
Employee stock option scheme	-	-	2,620	2,620
Balance at 30 June 2011	189,969	-	126,997	316,966
For the year ended 31 December 2010				
Balance at 1 January 2010	183,563	1,025	85,328	269,916
Changes in equity for the year				
Profit for the year	-	-	64,670	64,670
Other comprehensive income for the year	-	(1,025)	-	(1,025)
Dividend paid	-	-	(45,593)	(45,593)
Exercise of options	6,127	-	-	6,127
Employee stock option scheme	-	-	5,855	5,855
Balance at 31 December 2010	189,690	-	110,260	299,950
For the six months ended 30 June 2010				
Balance at 1 January 2010	183,563	1,025	85,328	269,916
Changes in equity for the period				
Profit for the period	-	-	36,958	36,958
Total comprehensive income/(loss) for the period	-	(2,414)	-	(2,414)
Dividend paid	-	-	(22,914)	(22,914)
Exercise of options	4,923	-	-	4,923
Employee stock option scheme	-	-	1,825	1,825
Balance at 30 June 2010	188,486	(1,389)	101,197	288,294

Unaudited Consolidated Balance Sheet

		As of 30 Jun 11	As of 30 Jun 10	As of 31 Dec 10
	Note	€000	€000	€000
NON-CURRENT ASSETS				
Property, plant and equipment		13,194	9,970	12,876
Intangible assets		101,748	98,955	100,384
Investment in equity accounted associates and joint ventures	3	166,832	165,606	162,583
Available for sale investments	6	10,381	11,997	10,932
Other non-current assets		3,661	3,178	6,070
		295,816	289,706	292,845
CURRENT ASSETS				
Trade receivables		14,687	11,589	13,385
Other receivables		12,047	8,985	9,364
Cash and cash equivalents		64,255	59,958	68,519
		90,989	80,532	91,268
Total assets		386,805	370,238	384,113
EQUITY				
Additional paid in capital		189,969	188,486	189,690
Available for sale reserve		-	(1,389)	-
Retained earnings		126,997	101,197	110,260
Equity attributable to equity holders of the parent	8	316,966	288,294	299,950
NON CURRENT LIABILITIES				
Other non-current liabilities		951	973	953
Deferred revenues		9,981	13,111	11,469
Deferred tax liability	4,5	1,809	2,090	1,950
Contingent consideration	4	661	3,920	5,474
		13,402	20,094	19,846
CURRENT LIABILITIES				
Trade payables		10,887	11,119	13,013
Progressive and other operators' jackpot		12,615	15,295	12,847
Tax liabilities		1,462	1,818	1,499
Deferred revenues		3,794	3,421	3,644
Deferred consideration		13,815	16,151	15,001
Contingent consideration	4,5	6,216	8,261	11,059
Other payables		7,648	5,785	7,254
		56,437	61,850	64,317
Total equity and liabilities		386,805	370,238	384,113

The financial statements were approved by the Board and authorised for issue on 25 August 2011.

Mor Weizer
Chief Executive Officer

David Mathewson
Chief Financial Officer

Unaudited Consolidated Statement of Cash Flow

	For the six months ended		For the year ended
	30 Jun 11	30 Jun 10	31 Dec 10
	€000	€000	€000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit after tax	37,860	36,958	64,670
Adjustments to reconcile net income to net cash provided by operating activities (see below)	(8,768)	8,332	8,924
Income taxes paid	(1,719)	(458)	(2,591)
Net cash provided by operating activities	27,373	44,832	71,003
CASH FLOWS FROM INVESTING ACTIVITIES			
Long term deposits	(21)	(101)	(238)
Long term loan	-	(757)	(1,003)
Dividend received from equity-accounted associates	17,580	15,996	32,269
Acquisition of property, plant and equipment	(3,355)	(2,118)	(7,176)
Investment in available for sale investments	-	(11,332)	(11,332)
Proceeds from sale of available for sale investments	-	2,665	2,665
Investments in joint ventures	(4,075)	-	(2,920)
Acquisition of intangible assets	(331)	(34)	(111)
Acquisition of subsidiary, net of cash acquired (note 4 & 5)	(14,106)	(26,136)	(26,136)
Capitalised development costs	(4,173)	(3,772)	(7,793)
Proceeds from sale of property, plant and equipment	308	6	57
Net cash used in investing activities	(8,173)	(25,583)	(21,718)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(23,377)	(22,914)	(45,593)
Purchase of treasury shares	(366)	-	-
Exercise of options	279	4,923	6,127
Net cash used in financing activities	(23,464)	(17,991)	(39,466)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,264)	1,258	9,819
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	68,519	58,700	58,700
CASH AND CASH EQUIVALENTS AT END OF PERIOD	64,255	59,958	68,519
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Income and expenses not affecting operating cash flows:			
Depreciation	1,837	1,423	3,416
Amortisation	7,804	6,382	13,674
Income from associate	(18,720)	(15,013)	(30,792)
Amortisation of intangibles in associate	2,864	4,922	8,266
Share of loss in joint ventures	322	-	152
Change in fair value of available for sale investment	551	(231)	2,223
Employee stock option plan expenses	2,620	1,825	5,855
Income tax expenses	2	762	2,343

	For the six months ended		For the year ended
	30 Jun 11	30 Jun 10	31 Dec 10
	€000	€000	€000
Exchange rate differences- deferred consideration	(1,185)	2,394	1,200
Others	53	(12)	16
Changes in operating assets and liabilities:			
Increase in trade receivables	(1,195)	(995)	(2,791)
Decrease/(increase) in other receivables	(450)	693	(176)
(Decrease)/increase in trade payables	(3,413)	39	1,933
(Decrease)/increase in progressive and other operators' jackpot	(232)	5,931	3,483
Increase in other payables	1,712	1,866	3,195
Decrease in deferred revenues	(1,338)	(1,654)	(3,073)
	(8,768)	8,332	8,924

Note 1 – General

A. Playtech Limited (the "Company") was incorporated in the British Virgin Islands on 12 September, 2002 as an offshore company with limited liability.

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

B. The interim financial information as at 30 June 2011 and for 2010 and the six months then ended, respectively, have been reviewed by the Group's external auditors.

The financial statements for the year ended 31 December 2010, which were prepared under IFRS received an unqualified audit report.

The financial information for the periods ended 30 June 2011 and 30 June 2010 contained in this interim announcement is unaudited.

Note 2 – Significant accounting Policies

A. Accounting principles

The consolidated interim financial information has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ended 31 December 2011 which are not expected to be significantly different to those set out in Note 2 of the Group's audited financial statements for the year ended 31 December 2010 except for IAS 24 (Revised) – Related Party Disclosures and Improvements to IFRSs (2010). These are based on the recognition and measurement principles of IFRS in issue, as adopted by the European Union (EU), and are effective or are expected to be adopted and effective at 31 December 2011.

The financial information has not been prepared (and is not required to be prepared) in accordance with IAS 34. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information.

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the period end but are as yet not effective for the 2011 year end:

- * IFRS 7 (Amended) – Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011);
- * IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1 January 2015). This standard has not yet been endorsed by the EU;
- * Presentation of items of Other Comprehensive Income (Amendments to IAS 1) (effective for annual periods beginning on or after 1 July 2012). This has not yet been endorsed by the EU;
- * IFRS 10 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013). This has not yet been endorsed by the EU;
- * IFRS 11 Joint Arrangement (effective for annual periods beginning on or after 1 January 2013). This has not yet been endorsed by the EU;
- * IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013). This has not yet been endorsed by the EU;
- * IAS 28 Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013). This has not yet been endorsed by the EU;

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

There has been no change in the nature of the critical accounting estimates and judgments as set out in Note 3 to the Group's audited financial statements for the year ended 31 December 2010.

B. Foreign currency

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

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

Note 3 – Investment in equity accounted associates and joint ventures

	30 Jun 11	30 Jun 10	31 Dec 10
	€000	€000	€000
Investment in equity accounted associates and joint ventures comprise:			
A. Investment in William Hill Online	159,158	165,593	162,245
B. Investment in Sciplay	494	13	338
C. Investment in International Terminal Leasing	7,180	-	-
	166,832	165,606	162,583

A. Investment in William Hill Online

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

	€000
Investment in equity accounted associates at 1 January 2010	170,366
Income from associate	15,013
Amortisation of intangibles in associate	(4,922)
Dividend	(14,864)
Investment in equity accounted associates at 30 June 2010	165,593

	€000
Income from associate	15,779
Amortisation of intangibles in associate	(3,344)
Dividend	(15,783)
Investment in equity accounted associates at 31 December 2010	162,245
Income from associate	18,720
Amortisation of intangibles in associate	(2,864)
Dividend	(18,943)
Investment in equity accounted associates at 30 June 2011	159,158

The deferred consideration as of 30 June 2011 of €13.8 million is payable by the beginning of 2012 due to an extension of payment terms granted by the vendor of the original purchased assets that were subsequently injected into William Hill Online at the time of the acquisition in 2008.

The deferred consideration for the acquisition of the Purchased Assets is payable in US dollars. This caused a foreign exchange gain of €26,000 in the period that has been recognised in the consolidated statement of comprehensive income.

B. Investment in Sciplay

On 21 January 2010, the Group formed a strategic partnership with Scientific Games Corporation to jointly develop and market next-generation internet and land-based gaming products and services to regulated gaming operators in the US and other countries.

Exclusive Joint Ventures focused on the B2G online gaming market on a global basis, called Sciplay International Sarl and Sciplay (Luxembourg) Sarl (hereinafter "Sciplay") will utilise Playtech's technology capabilities together with Scientific Games' global infrastructure and experience.

On 30 April 2010 each of the parties purchased 50% of the share capital issued of Sciplay for a total consideration of €13,000. In addition each of the parties contributed €100,000 share premium to Sciplay International Sarl and \$150,000 to Sciplay (Luxembourg) Sarl by contribution in kind of intangible assets.

On 28 September 2010 each of the parties paid additional paid in capital of €477,000 (€227,000 to Sciplay International Sarl and €250,000 to Sciplay (Luxembourg) Sarl).

In January 2011 each of the parties paid additional paid in capital of €524,000 (€251,000 to Sciplay International Sarl and €273,000 to Sciplay (Luxembourg) Sarl).

The Group's share in the Sciplay loss for the period amounted to €368,000 and has been recognised in the consolidated statement of comprehensive income.

	€000	€000
Cash consideration		13
Additional paid in capital		477
Contribution in kind	216	
Share of loss in Sciplay	(368)	
Total Share of loss in Sciplay		(152)
Investment in Sciplay as at 31 December 2010		338
Additional paid in capital		524
Share of loss in Sciplay		(368)
Investment in Sciplay as at 30 June 2011		494

C. Investment in International Terminal Leasing

On 8 March 2011, the Group entered into an agreement with Scientific Games to form a partnership called International Terminal Leasing (hereinafter "ITL") which relates to the strategic partnership with Scientific Games Corporation (Note 3B).

Prior to the formation of the above joint venture, in 2010 the Group paid a total amount of €2.4 million as contribution towards the purchase of gaming machines on behalf of the partnership. This was accounted for as a loan to ITL within non-current assets, as at 31 December 2010. Upon formation of the joint venture referred to above, the loan of €2.4 million was converted into capital contributions, and accordingly form part of the group's investment as a general partner of ITL.

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

Additional contributions of €4.7 million for the purchase of gaming machines were made in the period, out of which €1.2 million remain unpaid as at 30 June 2011.

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

	€000
Reclassification of non-current asset as at 8 March 2011	2,430
Additional contributions payable	4,704
Share of profit in joint venture	46
Investment in joint venture at 30 June 2011	<u>7,180</u>

Note 4 – Acquisition during the period

On 26 January 2011, the Group acquired 100% of the shares of Intelligent Gaming Systems Limited (hereinafter "IGS"). IGS is a provider of software based casino management systems to land-based casinos.

The group paid an initial consideration of €2.9m (£2.5m) in cash and additional contingent consideration of up to €3.5m (£3.0m) is payable in respect of the adjusted PBT performance in 2011-2013 in the beginning of each following year.

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

	Book value prior to acquisition	Adjustments	Provisional fair value on acquisition
	€000	€000	€000
Property, plant and equipment	27	-	27
Intangible assets	-	973	973
Trade receivables	110	-	110
Cash and cash equivalents	79	-	79
Deferred tax liability	-	(273)	(273)
Trade payables	(134)	-	(134)
Net identified assets	<u>82</u>	<u>700</u>	<u>782</u>
Provisional goodwill			3,691
Present value of consideration			<u>4,473</u>

	€000
Cash consideration	2,914
Non-current contingent consideration	748
Current contingent consideration	894
Total cash consideration	4,556
Finance cost arising on discounting of contingent consideration	(83)
Present value of consideration	4,473
Cash purchased	(79)
Net cash paid	4,394

The contingent consideration of €1.5 million (net of discount of €0.1 million) is dependent on profits generated by the IGS business in 2011-2013. The amount included above represents the directors' current best estimate of the amount payable.

Note 5 – Acquisition in prior period

On 12 February 2010 the Group entered into an assets purchase agreement with Virtue Fusion Limited, the leading developer and licensor of online bingo products. The Group purchased the IP Technology, customers list, brand, plant and equipment, other assets and 100% of the shares of Virtue Fusion Limited subsidiaries: Virtue Fusion CM Limited, Virtue Fusion (Alderney) Limited and Virtue Fusion NV (hereinafter VF business).

The group paid an initial consideration, including working capital adjustments, of €37.7m (£33.2m) in cash and additional contingent consideration of €8.1m (£7.0m) was paid in March 2011 based on adjusted EBIT performance in 2010. No further contingent consideration is payable in respect of this acquisition.

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

	Book value prior to acquisition	Adjustments	Fair value on acquisition
	€000	€000	€000
Property, plant and equipment	886	-	886
Intangible assets	-	25,763	25,763
Trade receivables	3,600	-	3,600
Other receivables	702	-	702
Cash and cash equivalents	11,610	-	11,610
Trade payables	(1,587)	-	(1,587)
Progressive and other operators' jackpot	(8,296)	-	(8,296)
Other payable	(702)	-	(702)
Net identified assets	6,213	25,763	31,976
Goodwill			13,750
Present value of consideration			45,726

	€000
Cash consideration	45,868
Finance cost arising on discounting of contingent consideration	(142)
Present value of consideration	45,726
Cash purchased	(11,610)
Net cash paid	34,116

On the date of acquisition, and as at 30 June 2010, management assessed the contingent consideration to be €4.7 million. This was re-assessed by management as at 31 December 2010 to €8.1 million being the maximum and final liability actually paid in 2011. In accordance with IFRS 3

(revised) Business Combinations, the difference of €3.4m was recognised in goodwill as it related to conditions which existed as at the acquisition date.

Note 6 – Available for sale investments

	30 Jun 11	30 Jun 10	31 Dec 10
	€000	€000	€000
Available for sale investments comprise:			
A. Investment in Foundation Group Limited	-	-	-
B. Investment in AsianLogic	2,054	2,054	2,054
C. Investment in Sportech PLC	8,327	9,943	8,878
	10,381	11,997	10,932
Change in fair value of available for sale investments during the year			
Foundation Group Limited	-	(794)	231
AsianLogic	-	-	-
Sportech PLC	(551)	(1,389)	(2,454)
	(551)	(2,183)	(2,223)

The fair value of quoted investments is based on published market prices. The fair value of unquoted investments is based on the most recently available market price, less any provision for impairment.

A. In 2010 the Group sold all of its shares in Foundation Group Limited. Prior to the sale of shares, the carrying value declined by €0.8 million which was recognised in the consolidated statement of comprehensive income as an impairment. On disposal of the shares, the available for sale reserve at 31 December 2009 of €1.0 million was reclassified to profit and loss, resulting in a net credit of €0.2 million in the consolidated statement of comprehensive income.

B. As at 3 July 2009, AsianLogic shares were delisted from AIM. At that date, the share price was £0.245. The Directors do not consider there to have been any further impairment in the investment since 3 July 2009.

During 2011 the Group received a dividend of €1.0 million that has been reflected in the consolidated statement of comprehensive income as finance income.

C. On 27 January 2010, the Group acquired a 9.99% stake in Sportech PLC, a UK's leading pari-mutuel football gaming business, and owner of The New Football Pools, for a total consideration of €11.3 million. As at 30 June 2011 the market value of this investment was €8.3 million. The total decrease in market value of €3.0 million has been recognised as an impairment in the consolidated statement of comprehensive income, of which €0.5 million has been recognised in the current period

Previously, as at 30 June 2010, the decline in fair value referred to above was not treated as an impairment as the decline was deemed neither significant or prolonged as at that date. Accordingly, the decline of €1.4 million in the prior period was recognised in other comprehensive income in the available for sale reserve in equity.

Note 7 – Earnings Per Share

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

	30 Jun 11	30 Jun 10	31 Dec 10
	€cents	€cents	€cents
Basic	15.6	15.3	26.7
Diluted	15.3	14.7	25.7
	€000	€000	€000
Profit for the period	37,860	36,958	64,670
	Number	Number	Number
<i>Denominator - basic</i>			
Weighted average number of equity shares	242,629,652	241,565,633	242,011,308
<i>Denominator - diluted</i>			
Weighted average number of equity shares	242,629,652	241,565,633	242,011,308
Weighted average number of option shares	4,982,423	9,277,895	9,173,326
Weighted average number of shares	247,612,075	250,843,528	251,184,634

B. Adjusted earnings per share

The adjusted earnings per share presents the profit for the period before charging professional costs on acquisition, legal cost related to the litigation with WHO, previous year taxes and after various non-cash charges relating to acquisitions and investments together with the employee stock option plan. The Directors believe that the adjusted profit represents more closely the underlying trading performance of the business.

	30 Jun 11	30 Jun 10	31 Dec 10
	€cents	€cents	€cents
Basic - Adjusted EPS	20.9	20.9	38.5
Diluted - Adjusted EPS	20.5	20.2	37.1
	€000	€000	€000
Profit for the period	37,860	36,958	64,670
Gains and losses on available for sale investments	551	(231)	2,223
Amortisation on acquisitions	4,004	3,564	7,516
Amortisation of intangibles in associate	2,864	4,922	8,266
Finance cost on discounting of deferred and contingent consideration	115	358	736
Employee stock option expense	2,620	1,825	5,855
Legal costs related to the litigation with WHO	1,486	-	-
Professional expenses on acquisitions	1,256	765	1,802
Previous year taxes	-	-	939
Exchange differences on deferred consideration	(26)	2,394	1,200
Adjusted profit	50,730	50,555	93,207

In order to best represent the underlying trading results of the Group, management decided in the end of 2010 to add back the non-cash item related to exchange differences on deferred consideration. As a result, the adjusted net profit for H1/2010 increased to €50.6m and adjusted EPS has increased by 1 euro cent, with no impact on reported net profit.

As at 30 June 2011, out of the entire share options outstanding, 8,351,888 (2010 – 1,966,000) are anti-dilutive and therefore not included in the above calculation.

Note 8 – Shareholders' Equity

A. Share capital

	Number of shares		
	30 Jun 11	30 Jun 10	31 Dec 10
Authorised	N/A(*)	N/A(*)	N/A(*)
Issued and fully paid	242,671,040	242,317,076	242,599,019

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

B. Treasury shares

In June 2011, the Company purchased 100,000 ordinary shares of no par value to be held as treasury shares. The weighted average cost of own shares held in treasury is £3.2849 per share.

C. Share options exercised

During the period 72,021 share options were exercised.

D. Distribution of Dividend

In May 2011, the Company distributed €23,377,446 as final dividend to its existing shareholders for the year ended 31 December 2010.

Note 9 – Post balance sheet events

Acquisition of business and assets of associated businesses

On 10 March 2011 the Group entered into an agreement to purchase 100% of the issued share capital of PT Turnkey Services limited, a company which owns various assets of associated businesses including certain companies related by virtue of a significant common shareholder, for an initial cash consideration of €140 million, to be spread over instalments during the next two years, plus certain other contingent consideration depending on performance of the acquired businesses in 2014. The acquisition was subsequently completed on 1 July 2011 and accordingly the Group will now consolidate the results of PT Turnkey Services Limited and its subsidiaries from that date.

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

Acquisition of Mobenga shares

On 20 July 2011 the Group entered into an agreement to purchase 100% of the issued share capital of Mobenga AB (hereinafter "Mobenga"), a provider of mobile sportsbook betting platforms.

Upon completion, the Group will pay an initial cash consideration of €8 million, subject to final working capital adjustment. An additional contingent consideration of up to €15.8 million, depending on performance of the acquired businesses in 2013, is payable in the beginning of 2014.

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

Note 10 – Contingent Liabilities

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

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

Independent Review Report to Playtech Limited

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Statement of Cashflow, and the related explanatory notes 1 to 10.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

25 August 2011

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