



Playtech Limited

(‘Playtech,’ ‘the Company’ or ‘the Group’)

Interim Results for the six months ended 30 June 2012

Playtech, (LSE: 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 2012.

Financial highlights

- Gross income* up by 86% to €176.5 million (H1/2011: €95.0 million)
- Total revenues up by 101% to €153.8 million (H1/2011: €76.3 million)
- Adjusted EBITDA** up 64% to €91.2 million (H1/2011: €55.8 million)
- Adjusted net profit** up 67% to €84.5 million (H1/2011: €50.7 million), with reported post tax profits of €26.2 million (H1/2011: €37.9 million)
- Adjusted EPS** for the six month period rose 40% to 29.2 € cents (H1/2011: 20.9 € cents)
- Interim dividend of 7.8 € cents per share (H1/2011: nil)
- Continued high cash conversion of 88% from Adjusted EBITDA (H1/2011: 81%).
- Cash balances at 30 June 2012 of €139.3 million (H1/2011: €64.3 million)

* Gross income is defined as total revenue plus the Group’s income from associate

** Adjusted EBITDA, Adjusted EPS and Adjusted net profit are calculated after adding back certain non-cash charges, cash expenses relating to professional costs on acquisitions, legal costs relating to litigation with William Hill and costs of the admission to a premium listing on the main market of the London Stock Exchange (see reconciliation in Financial and Operating Overview below)

Operational highlights

- Playtech completed its move to a premium listing on the main market of the London Stock Exchange
- Outperformance by PTTS, meeting the criteria for an accelerated payment of the contingent consideration of €140 million
- Significant joint ventures in anticipation of regulatory changes, agreed with both Gauselmann, the owner of Germany’s leading gaming brand, Merkur, and Peermont, a leading South African gaming operator

- Playtech acquired software developer Geneity in January to enhance the Group's sportsbook capabilities. Integration continues to progress as planned
- Playtech licensees launched in the newly regulated Spanish market, with further licensees looking to launch in September
- Gala Coral progressing well, with the successful launch of Gala Casino and Gala Bingo sites
- Penetration into Mexico through the signing of a software licensing agreement with Grupo Caliente, the largest local land-based gaming operator
- Mobenga performing ahead of expectations with additional licensees launched
- Paddy Power launched nine casino games in an integrated mobile solution

Current trading and outlook

Playtech has made a strong start to Q3, a traditionally quieter period. Daily average revenues are up over 25% versus the comparable period and up over 20% on a like-for-like basis, in line with Q2 12.

The Directors look forward to the full year outcome with confidence, but are mindful of the impact of the regulatory changes in the Spanish market and the increased costs associated with various software development initiatives, including mobile and social gaming.

Roger Withers, Non-executive Chairman, said:

"It has been an exciting six months for the Company and I am delighted to report that Playtech continues to deliver impressive results. I am particularly pleased that the Company completed its move to the main market in early July.

"Playtech's multi-channel approach strengthens its market leading position, allowing it to maximise the potential for growth in newly-regulating markets in addition to enhancing existing relationships with traditional operators. In the first half of the year we recognised the growing importance of the social gaming sector and positioned ourselves to penetrate the market through innovative software licensing arrangements.

"Despite the uncertainty surrounding the future of European and US regulation, the Company is ideally positioned to take advantage of changes in the online gaming market through further expansion of its joint ventures and organic growth strategy.

"Playtech is the supplier of choice for technology and services for the worldwide online gaming industry and we look forward with confidence to building on our positive momentum."

– Ends –

The Company will hold a presentation for analysts at 9.30 am on Thursday 30 August at the Lincoln Centre, 18 Lincoln's Inn Fields, London, WC2A 3ED.

A live video webcast and slide presentation of the analysts' meeting will commence at 9.30 am, which may be accessed through the following link: <http://playtech.com/html/page/investors>.

A copy of the results presentation will be published on the Company's website.

Further information

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Chairman's statement

In previous reports to shareholders I have referred to Playtech's intention of moving to a premium listing on the main market of the London Stock Exchange plc and I am delighted that this goal was achieved with Playtech's successful admission to the main market on 2 July 2012. This achievement is the result of considerable hard work during the first half of this year by our internal team and our brokers and advisers and I would like to thank them all for their efforts. We expect that our main market listing will lead to improved liquidity in the Company's shares as investors recognise the strength of Playtech's business and record of earnings growth. We anticipate meeting the criteria to be included in the FTSE250 index when it is reviewed next month.

Playtech continues to perform strongly with gross income growth of 86% to €176.5 million and organic growth of 22.3% in the six months ending 30 June 2012. The Group's strategy, supported by its strong balance sheet, now centres on developing its highly complementary business channels: products and services, turnkey solutions, joint ventures and social gaming. Through this multi-channel approach, the Board believes the Group will be in a position to maximise the potential for growth in newly-regulating markets in addition to strengthening existing relationships with traditional operators.

The online gaming market remains a growing market despite economic headwinds. The momentum towards regulation in both Europe and the US continues, and the Group needs to remain nimble and entrepreneurial in its approach to take advantage of these industry dynamics and the opportunities presented in both existing and newly-regulated markets. The Board recognised the increasing complexity of the legal and regulatory environment in which Playtech operates and has undertaken significant strides to enhance the Group's legal function, through the appointment of David McLeish, formerly a partner at Berwin Leighton Paisner LLP, as General Counsel.

David Mathewson has indicated to the board that he wishes to retire before the end of the financial year. David has served on the Playtech board, initially as a Non-Executive Director and latterly as CFO. It is the intention that David will step down from his position as CFO and Ron Hoffman, who has worked in Playtech's finance team for 8 years, will be appointed in his place at a date to be determined. Ron has worked closely with David over the past few years, thereby ensuring an orderly transition. I am very grateful to David for his work in helping to see Playtech through a number of important acquisitions, a placing, and the move to the main market, and we wish him well for the future.

I am also pleased to report on the appointment of Andrew Thomas in June as an additional Non-Executive Director and head of our Audit Committee. Andrew has joined at an exciting point in the Group's development and brings considerable financial and taxation experience, as well as ensuring that we have a majority of Non-Executive Directors on the Board, all of whom are considered to be independent of management in accordance with the UK Corporate Governance Code.

Playtech remains a highly profitable and cash generative business with cash reserves of €139.3 million as at the end of the period. The acquisition of PTTS has been a great success and has outperformed management's expectations with regards to revenues and profits. This continued strong performance of PTTS during the period has triggered the acceleration of the contingent consideration of €140 million payable in respect of the acquisition with the first payment of €42 million having been made in July 2012. The Board remains confident that the Company has the momentum to continue to perform well throughout the remainder of the year. The Board has accordingly approved the payment

of an interim dividend of €7.8c per share (H1/2011: nil), which is payable on 19 October 2012 to all shareholders on the register as at 21 September 2012. This is in line with our stated dividend policy.

With regard to William Hill Online, we are very pleased with its ongoing success, and continue to hold positive discussions with William Hill Plc in respect of the future of the business.

Finally, I would like to thank everyone associated with Playtech for the contribution they have made to the Group's significant trading and other achievements 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, and has positioned itself well to take advantage of the opportunities that our fast-growing and rapidly developing market presents. The Board is confident that Playtech is well positioned for further growth and remains confident of its prospects for the remainder of 2012 and beyond.

Chief Executive Officer's report

Overview

I am pleased to report that Playtech continues to make substantial progress across a broad range of business segments and markets. In particular, Adjusted EBITDA within PTTS has more than doubled since acquisition. The Company has also recorded significant uplifts in the results from Casino, Bingo, Videobet and Mobenga. With an increasingly diverse product portfolio and broad range of revenue streams, Playtech is well positioned to take advantage of future opportunities.

During the period, Playtech has delivered excellent results having grown gross income by 86% to €176.5 million (H1/2011: €95.0 million), and Adjusted EBITDA by 64%, to €91.2 million (H1/2011: €55.8 million). We are particularly pleased that despite the current global economic uncertainties, when stripping out acquisitions made in 2011 and 2012, Playtech achieved strong organic growth in gross income of 22%. These results have been driven by the significant operational progress across the Group.

Finally, after an extensive level of work and effort from the Company and its advisers, Playtech also achieved a significant milestone in obtaining a premium listing on the London Stock Exchange's main market. The Company has come a long way since its shares were first admitted to trading on the Alternative Investment Market in 2006.

Strategy

The online gaming market continues to evolve and the Group's reach now extends further than traditional online gambling. Playtech has developed its strategy to take advantage of the growth of key products including mobile, tablet and social gaming which are shaping the future of the industry. The Group's strategy is to create a business with significant scale and a full product and service capability, underpinned by a pre-eminent technology platform. Through a combination of organic development and targeted acquisitions, the Company has sought to implement this strategy to maximise opportunities as the online gambling industry continues to undergo significant change and becomes increasingly sophisticated. In particular, the online gambling industry is seeing convergence between online and land-based channels and between social gaming and traditional online gambling. In support of this strategy, the Group's focus now centres on developing its highly complementary business channels: products and services, turnkey solutions, joint ventures and social gaming.

PTTS

The PTTS acquisition is an excellent example of the Group's successful implementation of this strategy. The Group can now offer products and services as a single source supplier of gambling solutions, particularly to new entrants targeting regulated markets. In addition, the acquisition has created opportunities for Playtech to cross-sell to its existing licensees to whom it can offer marketing, sophisticated CRM and other support services, combined with advanced player management

systems.

The financial performance of PTTS in the first half of 2012 has been outstanding, driven by the re-allocation of operator marketing budgets and new contracts, including a significant contract focused on the Asian market. As a result of this strong performance, the acceleration of the contingent consideration under the acquisition agreement was triggered, following which the initial tranche of €42m was paid in July, with the remaining balance payable in three further tranches over the next 18 months.

The acquisition has been very successful for Playtech and I remain confident that the ability to offer a broad range of software and additional services positions the Group to maximise the potential for growth and market share in newly-regulating markets, in addition to strengthening the existing relationships with traditional operators.

Mobenga

Another very successful strategic acquisition for the Group has been the acquisition of Mobenga, the mobile sports betting platform which was acquired in H2 2011. Mobile and tablet devices are becoming an increasingly significant channel for online gambling and player acquisition. Now that the Mobenga platform is fully integrated with Playtech's platform, once the mobile application is downloaded, players have access to Playtech's full suite of products, which gives rise to cross-selling opportunities regardless of the original channel used to enter the site.

During the second quarter of 2012 we launched a mobile offering for Paddy Power including roulette, blackjack and a variety of slots, marking the first major integrated offering from Playtech and Mobenga.

Joint Ventures

The implementation of the Group's strategy involves establishing long-term partnerships in appropriate markets with leading operators, where the Group has been chosen as a joint venture partner by leading domestic land-based operators. These partners are looking to develop a market-leading offering, supported by experienced marketing and player management capabilities which the Group can provide.

In January, Playtech announced a significant 50/50 joint venture with the leading German land based operator Gauselmann in the German market. Playtech will provide marketing knowhow, affiliate marketing contacts and certain German-focused marketing managers from its PTTS services division. This will be in addition to providing online gaming technology and its market leading player management system under a separate software license. Gauselmann will provide exclusive online rights to its well-known Merkur and Gauselmann gaming brands along with related infrastructure and business relationships.

Also in January we announced a 50/50 joint venture with Peermont, one of South Africa's largest leisure and gaming businesses. Under the terms of the agreement the Company will deploy its PTTS turnkey solution, including its online marketing and player-retention capabilities. Playtech and Peermont will provide equal amounts of working capital to the joint venture, principally for player marketing expenditure.

Social Gaming

Consistent with the Group's overall strategic objective, Playtech is actively seeking to enter the relatively new and rapidly growing social gaming segment of the gambling industry. As an attractive and cost effective entry point into the social gaming arena, the Group recently licensed certain social gaming software from Skywind thereby giving it access to a full suite of products and a substantial development team with expertise in social gaming. Through the combination of this software, the Group's existing expertise in real money gaming and further investment of resources, Playtech intends to position itself as the leading full B2B social gaming supplier.

Licenses and regulated markets

During the period Playtech licensees successfully launched in the newly regulated Danish and Spanish markets. Given the restrictions of the regime and the position on retrospective taxation, not all of Playtech's licensees have sought to obtain a licence in Spain, which may result in a short-term decline in revenues from the Spanish market. However, the long-term prospects for this regulated territory are encouraging.

The Group continues to monitor regulatory developments in the US very closely. In addition, to the existing relationship with COPA, the Group is in advanced discussions with a number of substantial US based groups initially to provide social gaming and play-for-fun products, but with the ability to offer a full play-for-real product range as and when regulations permit.

William Hill Online

William Hill recently reported the strongest interim performance of William Hill Online since the creation of the joint venture with the first quarter producing €3.4 million more in share of profit for Playtech than in any previous quarter. WHO has achieved double digit growth with an increase in operating profit (before exceptional items) of £68.9 million, growing 23% (H1/2011: £55.9 million). Playtech's non-controlling interest resulted in a share of profit of €22.7 million before amortisation of intangibles (H1/2011: €18.7 million), up 21% for the period.

During the period, William Hill Online launched its Spanish site (www.williamhill.es) following the award of licences in June and expanded the Italian website (www.williamhill.it) through the launch of Sportsbook and Bingo.

In the fourth quarter, William Hill will have the opportunity to commence a process to acquire Playtech's 29% stake in William Hill Online through the first of two contractual call options. We continue to engage in constructive and amicable meetings with the board and management of William Hill to discuss the future of our relationship with them.

Acquisitions

Playtech continues to develop the scale and breadth of its product range and is committed to extending its technology capability to maintain its position as the world's leading gaming software supplier. A key element of this strategy is to make strategic acquisitions. In January the Company acquired Geneity Limited, a specialist developer of sports betting software.

Sports betting is a prime entry point for customers into online gambling. It is often one of the first gambling products to be permitted in regulated markets and the ability to offer such a product is important for land-based operators looking to sign strategic joint ventures. The Geneity product has a scalable and modular architecture to provide players with the best sports offering available.

Playtech has completed the integration of its sportsbook product and expects to launch with the first licensee later in this financial year. Geneity's lottery product, which is used by the Health Lottery, is also under further development.

Products

Playtech's licensees benefit from a highly flexible open-architecture gaming platform and a best-of-breed product range covering all product verticals currently offered to the online gambling market. In the last 12 months we have added services, mobile, social gaming and further games content to our product suite. We have also continually invested in improvements to the former core product suite. Through our Enhanced Gaming Engine (EdGE) we offer licensees the ability to provide their players access to a diverse range of game developers and content providers and to fully integrate their players' wallets into one account across all games and products, providing a significant competitive advantage.

Casino

Playtech's leading casino product has continued to grow strongly delivering €71.5 million of revenues (H1/2011: €52.7 million), up 36%.

Gala Coral completed the first two phases of its migration onto the Playtech platform, with the launch of Gala Casino followed by Gala Bingo. The project provides Gala Coral with Playtech's market leading IMS platform as well as a newly integrated portal, providing unique functionality unparalleled in the industry. We expect the remaining phases of the project to see the launch of a mobile offering and the integration of Gala Coral's sportsbook, provided by Openbet, into the IMS platform by the end of the year. Both parties believe there is significant potential in the relationship to grow revenues in the coming years.

During the second quarter we launched nine mobile casino games with Paddy Power including roulette, blackjack, and a variety of slots. Through Playtech's mobile betting offering, a wide range of gambling products is now available to players accessible from one mobile application.

Over the last six months Playtech has offered a host of new games both from the recently acquired Ash Gaming as well as some popular branded games such as Spamalot. Playtech has therefore decided to make additions to the Monty Python series, adding Life of Brian and the Holy Grail. Other more recent content initiatives include the rights for John Wayne and The Love Boat which we believe will be attractive for real money play as well as our social gaming strategy.

Poker

The international poker market remained challenging for the first six months of the year, causing poker revenue to fall by 9% to €9.7 million (H1/2011: €10.7 million).. The iPoker network maintained its position as the leading independent poker network in the dotcom market place, and we are currently in discussions with a number of significant new licensees who wish to join the network.

Bingo

Playtech's bingo product has continued to perform very strongly, delivering a 24% increase in revenues on the prior year to €8.8 million (H1/2011: €7.1 million). This strong growth has been facilitated mainly by the launch of the bingo jackpot promotion.

We are very pleased to announce the launch of Gala Bingo which went live on 11 July 2012. This is a significant contract for Playtech as we believe future revenues will be earned through not only Gala bingo, but also bingo side games, Vegas Casino and GTS.

The Playtech bingo brand, Virtue Fusion, has once 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

Our server-based gaming machine division, Videobet, has performed well throughout the period with revenues up 77% following the completion of the roll-out of machines through the Global Draw contract during Q2 of 2011.

Videobet revenues (including IGS) 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 €5.2 million (H1/2011: €2.9 million) in the period.

Mor Weizer
Chief Executive Officer
30 August 2012

Financial and operational review

I am very pleased to be able to report Playtech's financial results for the six month period ended 30 June 2012, which demonstrate once again the strength of the Group's business and its continued growth. Playtech has again delivered a strong financial performance, with Gross income for the six month period rising by 86% to €176.5 million (H1/2011: €95.0 million) and total revenues for the six month period increasing 101% to €153.8 million (H1/2011: €76.3 million).

It gives me further pleasure to report again on significant growth recorded across the Group's key financial metrics both before and after the effect of acquisitions in 2011 and 2012. When stripping out the impact of these acquisitions, Playtech achieved an impressive 22.3% growth in Gross income and 22.5% growth in total revenues, which represents organic growth for the Group, continuing the steady growth trend reported in previous periods. When the effect of these acquisitions are included, the results for the period are further complemented by the overall outperformance of these acquisitions compared to management's expectations, in particular, the acquisition of PT Turnkey Services Limited (PTTS), which reached its target level of EBITDA performance in the period necessary to trigger payment of the contingent consideration only 12 months after the acquisition and two years ahead of original expectations as at signing of the transaction.

Headline growth has been very strong. Adjusted EBITDA for the six month period totalled €91.2 million (H1/2011: €55.8 million), an increase of 64% over the same period in 2011. Adjusted earnings per share for the six month period rose 40% to 29.2 € cents (H1/2011: 20.9 € cents) and diluted adjusted EPS for the six month period was 28.8 € cents (H1/2011: 20.5 € cents). When looking at organic growth, Adjusted EBITDA, after excluding acquisitions in 2011 and 2012, increased by 19.6% over the comparable period as a result of three main factors: growth from existing licensees, new business wins and incremental growth from William Hill Online (WHO). This was reduced by further expansion of the ongoing operations to enable continued development of existing products, as well as investment into new products, such as mobile.

Gross income and total revenues

Gross income rose 86% to €176.5 million (H1/2011: €95.0 million) and comprises total revenues and Playtech's share of profit from its associate income in WHO. Of this, total revenues increased 101% to €153.8 million (H1/2011: €76.3 million) and €22.7 million (H1/2011: €18.7 million) was generated by the share of profit from WHO, up 21% on the prior year.

When excluding the impact of acquisitions in 2011 and 2012, gross income grew 22.3% and total revenues increased by 22.5%. Of this gross income growth, existing licensees (including Videobet) delivered 13.3% growth, WHO grew by 4.2%, and an additional 4.8% increase over the first half of 2011 came from new business, which we define as new licensees or products which had been launched within the 18 months prior to the end of the reporting period.

At a product level, Casino revenues increased 36% to €71.5 million (H1/2011: €52.7 million), mainly driven by the live casino product, our mobile casino offering and branded games portfolio, further complemented by incremental revenues from the acquisition of Ash Gaming, which has enhanced the Group's portfolio of games. Poker revenues decreased 9% to €9.7 million (H1/2011: €10.7 million), reflecting a continued trend in the market, and Bingo revenues increased 24% to €8.8 million (H1/2011: €7.1 million) reflecting the continued strength of this increasingly important product.

Revenues from Videobet increased 77% to €5.2 million (H1/2011: €2.9 million), following the completed roll out of the UK Global Draw contract during the second quarter of 2011, therefore representing the full effect in the period compared to the first half of 2011. Services revenues contributed €52.5 million (H1/2011: €0.8 million), principally from PTTS.

After excluding the effect of acquisitions in 2011 and 2012, diversification of revenues remained relatively the same, with the contribution of the top two licensees decreasing slightly to 26% (H1/2011: 27%). In addition, three more licensees now generate revenues in excess of €4 million annually, now totalling 11 licensees generating revenues of this level (H1/2011: 8 licensees), and eight additional licensees generate over €1 million of revenues annually, now amounting to 37 licensees generating revenues of this level (H1/2011: 29 licensees). In the future we expect our acquisitions to slightly increase the contribution of the top licensees due to overlaps between the customers of the acquired businesses and Playtech's existing licensees. The acquisitions therefore further strengthen the Group's position as a key provider to these important licensees.

Reported net profit and earnings per share

Reported net profit for the six month period decreased by 31% to €26.2 million (H1/2011: €37.9 million), mainly due to the recognition of €37.8 million as finance costs in respect to the movement in fair value on deferred and contingent consideration related to the PTTS acquisition, which has achieved its target performance significantly earlier than expected. In accordance with IFRS 3 the increase in fair value due to the acceleration of the payment is charged to the income statement rather than capitalised as an increase in the cost of acquisition. Reported net profit also includes certain cash and non-cash costs, which the Directors believe should be adjusted in order to more clearly present the underlying trading performance of the business, these include: amortisation of intangibles on acquisitions; amortisation of intangibles in WHO; professional and finance costs on acquisitions; legal costs related to the litigation with William Hill; the one-off costs of admission to a premium listing on the main market, and various additional non-cash charges.

In light of these adjustments, the Group has adopted a new format for the presentation of the consolidated statement of comprehensive income, by including an adjusted results column, highlighting adjusted EBITDA and adjusted net profit, in order to facilitate a greater linkage between the statutory reported results and the adjusted results, which are fundamental to how the Directors monitor the underlying trading performance of the business.

Reported earnings per share for the period were 9.0 € cents, based on the weighted average number of shares of 289.2 million (H1/2011: 15.6 € cents, 242.6 million shares). The diluted EPS for the six month period was 8.9 € cents, based on a weighted average number of shares of 293.1 million (H1/2011: 15.3 € cents, 247.6 million shares). The decrease in reported basic and diluted EPS is mainly caused by the recognition of the additional €37.8 million as finance costs, as explained above.

Adjusted EBITDA

Adjusted EBITDA is calculated after including the income from Playtech's associates and joint ventures together with adding back expenses related to professional costs on acquisitions, one-off legal costs related to the litigation with William Hill, costs related to the admission to premium listing on the main market of the London Stock Exchange and excluding various non-cash charges. These are set out below and in Note 4 to the accounts. Management believes that these figures, excluding such one-off items and non-cash items, best represent the underlying results of the Group.

Adjusted EBITDA

	H1/2012 €'000	H1/2011 €'000
EBITDA	87,486	49,868
Employee stock option expenses	1,673	2,620
Decline in fair value of available for sale investments	-	551
Admission to premium listing on the main market	1,913	-
One-off legal costs relating to the litigation with William Hill	-	1,486
Professional expenses on acquisitions	155	1,256
Adjusted EBITDA	91,227	55,781
Adjusted EBITDA margin from gross income	52%	59%

Adjusted EBITDA margin has reduced from 59% in the first half of 2011 to 52% in the six months period ending 30 June 2012. This reduction was fully anticipated, due principally to the multiple acquisitions in 2011 and 2012 of lower margin businesses.

After excluding these acquisitions, Adjusted EBITDA increased by 19.6% over the first half of 2011, reflecting the organic growth of the business.

Adjusted net profit and adjusted earnings per share

	H1/2012	H1/2011
	€'000	€'000
Net profit attributable to the owners of the parent	26,150	37,860
Amortisation on acquisitions, including amortisation of intangibles in WH Online	16,867	6,868
Finance costs - movement in deferred and contingent consideration	37,766	115
Employee stock option expenses	1,673	2,620
Professional costs on acquisitions	155	1,256
Admission to premium listing on main market	1,913	-
One-off legal costs relating to the litigation with William Hill	-	1,486
Decline in fair value of available for sale investments	-	551
Exchange differences on deferred consideration	-	(26)
Adjusted net profit	84,524	50,730
Adjusted basic EPS (in Euro cents)	29.2	20.9
Adjusted diluted EPS (in Euro cents)	28.8	20.5

Amortisation on acquisitions, excluding amortisation of intangibles in WHO, totalled €14.0 million (H1/2011: €4.0 million) and is comprised of amounts relating to PTTS (€8.2 million), Virtue Fusion (€1.7 million), Tribeca (€1.6 million), Ash (€1.3 million), GTS (€0.7 million) and other acquisitions (€0.5 million).

As explained above, the increase in the finance costs on the movement of deferred and contingent consideration is mainly due to the acquisition of PTTS, where there was a substantial deferred consideration. PTTS's continued strong performance in the first six months of 2012 has triggered the accelerated payment of the entire additional consideration of €140 million. As a consequence, approximately €34 million of movement in contingent consideration was immediately charged to the income statement as a finance cost together with the anticipated unwinding of discounting charge, of a further €3.4 million.

Cost of operations

Adjusted operating expenses for the year (before depreciation and amortisation) increased by 119% to €85.2 million (H1/2011: €38.9 million), mainly due to the additional operating expenses inherited from the acquisitions made in 2011 and 2012. After excluding the effect of these acquisitions, adjusted operating expenses increased by 27% mainly due to an increase in employee-related costs, as the Group invests in further expansion; the development of the Group's existing offering; and new products and platforms, which are the foundations of the growth for the future. Such investment allows the Group to improve its overall product offering, penetrate new markets, facilitate future organic growth and increase the portfolio of its licensees, thereby gaining additional market share and increase revenues.

The significant expense items remain employee-related costs and revenue-driven costs, which together made up 76% of Playtech's adjusted operating expenses. Playtech has maintained a careful focus on managing cost inflation across the business and other cost line items have remained relatively steady.

Analysis of adjusted operating expenses

	H1/2012		H1/2011	
	€'000		€'000	
Adjusted operating expenses before amortisation and depreciation	85,164		38,946	
Revenue-driven cost	17,602		7,273	
Adjusted operating expenses excluding revenue driven costs	67,562		31,673	
Employee related costs	47,032	69.6%	21,637	68.3%
Administration and office costs	7,089	10.5%	4,553	14.4%
Cost of service	4,752	7.0%	818	2.6%
Travel, exhibition and marketing costs	3,534	5.3%	2,309	7.3%
Other operational costs	5,155	7.6%	2,356	7.4%

Revenue-driven costs comprise primarily direct marketing costs related to the PTTS acquisition, fees paid to sales agents and licence fees paid to third parties for branded content or games developers, which are typically calculated as a share of the revenues generated. These costs have increased mainly on the back of acquisitions but have also continued to increase as branded games become more popular and grow in accordance with the growth of our licensees.

Employee related costs totalled €47.0 million (net of €5.0 million capitalised development costs), an increase from €21.6 million in the prior period and is mainly due to the acquisitions undertaken. As a percentage of adjusted non-revenue related costs, employee costs have remained constant at approximately 70% since the start of 2010, despite the Group's headcount more than doubling over the past two years.

Cost of service is mainly costs related to hosting services provided to licensees and increased due to the acquisitions undertaken.

Financial income and tax

Financial income totalled €3.9 million (H1/2011: €1.4 million) and comprises interest received in the six month period of €0.2 million (H1/2011: €0.4 million) generated from cash held in short term deposits, together with €1.5 million received as dividend from the investment in Asian Logic Limited (H1/2011: €1.0 million) and income from exchange rate differences of €1.7 million (H1/2011: expenses of €0.7 million). Financial expenses comprise mainly €37.8 million relating to the movement in deferred and contingent consideration (H1/2011: €0.1 million) as described above.

The Group is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is set at zero. The majority of the Group's subsidiaries are located in different jurisdictions and are operating on a cost plus basis. The subsidiaries are taxed on their residual profit.

The tax charge in 2012 was €0.9 million (H1/2011: negligible, due to a tax credit in a subsidiary, €0.6 million excluding this credit). The effective rate, excluding these items, and excluding the exceptional finance cost on the movement in consideration due to PTTS was 1.3% (H1/2011: 1.5%).

Cash flow

Playtech continues to be a highly cash generative business. The cash and cash equivalents as at 30 June 2012 amounted to €139.3 million (30 June 2011: €64.3 million), representing 18.1% of the Group's total assets (30 June 2011: 16.6%). During the first half of 2012, the Group utilised €75 million from its available debt facilities in order to finance the early payment of the initial consideration of PTTS. This early payment was agreed by the Group in exchange for a €4.2 million nominal discount to the value of the initial consideration and represented a discount to the net present value of the total outstanding payment using the Group's actual borrowing rate.

In the six months ending 30 June 2012, the Group generated €57.9 million from its operating activities (H1/2011: €27.4 million). In addition it received €22.5 million (H1/2011: €17.6 million) of WHO dividend receipts in the six month period. When taken together, these total €80.4 million (H1/2011: €45.0 million) and represent a cash conversion rate of 88% from adjusted EBITDA (H1/2011: 81%).

The Group's cash usage in investing activity was €82.7 million (H1/2011: €8.2 million), principally due to the aggregated considerations paid for acquisitions of €95.2 million: €76 million paid for the early payment of the initial consideration of PTTS as explained above, €18.2 million for the acquisition of Geneity and €1.0 million paid as contingent consideration on the IGS acquisition (H1/2011: €14.1 million). These amounts were partially offset by the €22.5 million dividend received from the investment in WHO (H1/2011: €17.6 million).

Cash used in financing activities was €0.7 million (H1/2011: €23.5 million), being the net funds withdrawn under the Group's credit facility of €75.0 million, netted off by the repayment of bank borrowings of €27.5 million, taken on December 2011 to finance the acquisition of Ash Gaming until the receipt of the proceeds from the share placing following approval by shareholders later in the month, and by payment of the 2011 dividend of €47.9 million to shareholders in 2012.

Acquisition of Geneity Limited

On 23 January 2012 the Group acquired 100% of the issued share capital of Geneity Limited ('Geneity'), a provider of e-gaming software products, focused primarily on the sportsbook and lottery sectors.

The total consideration of €18.2 million (£15 million) was paid in cash, of which €9.7 million (£8 million) was paid into an escrow account half to be held as security against customary warranties and indemnities and half to be released to the sellers over the next three years, dependent upon the successful achievement of certain targets. It is anticipated that payment of half of the funds held in escrow will be paid in the second half of 2012.

Acquisition of Business and Assets of PT Turnkey Services Limited

On 1 July 2011 the Group acquired 100% of the issued share capital of 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 initial cash consideration for the acquisition was €140 million (subject to working capital adjustment) deferred over a period of two years, and an additional performance related consideration, capped at €140 million payable to the extent that the adjusted EBITDA of PTTS exceeded certain targets.

During the first half of 2012, Playtech entered into an agreement to aggregate the outstanding balance of the Initial Consideration into one payment of €76 million, which reflects both a nominal discount of €4.2 million and also an effective discount to the net present value of the outstanding balance using the Group's actual borrowing rate. The Group has utilised part of its available banking facilities in order to finance the payment of the discounted initial consideration.

PTTS's continued strong performance over the first half of 2012 has, under the terms of the acquisition, triggered the accelerated payment of the entire contingent consideration of €140 million. The acceleration has occurred because PTTS has achieved an annualised adjusted EBITDA in excess of €40 million in the first two quarters of 2012, which is an approximate 100% increase in its adjusted EBITDA run rate since completion of the acquisition. This has resulted in the immediate recognition of approximately €34 million as finance cost charged to the consolidated statement of comprehensive income.

License agreement with Skywind Holdings Limited for social gaming software and real money software

On 11 June 2012, Playtech entered into a licence agreement with Skywind Holdings Limited to provide the Group with a wide range of both social gaming software and real money software. The software licence agreement will enable the Group to gain access to a broad range of social gaming platforms and products in addition to complementary real money products, giving it a unique position in a market that is rapidly expanding, and providing the foundations to position Playtech as the leading B2B provider to the social gaming market. The agreement also provides the Company with access to more than 150 developers whose primary focus is on social gaming solutions and real money mobile software.

The software for both real money and social gaming is licensed for B2B activity on an exclusive forward looking basis and comprises: a social gaming platform, including backend capabilities; social poker software; social casino and casino content software; social rummy; social bingo; real money platform, including backend capabilities; real money mobile casino and poker software (both Native (iOS and Android) and HTML5); and real money rummy software.

The consideration payable is a combination of a fixed consideration of €0.5 million a month and a royalty fee of 20% payable on revenue generated from the social gaming assets only.

Balance sheet

Cash and cash equivalents as at 30 June 2012 were €139.3 million (30 June 2011: €64.3 million) representing 18.1% (30 June 2011: 16.6%) of the Group's total assets. The Group holds cash balances which include monies held on behalf of operators in respect of jackpot games and poker deposits in the amount of €30.3 million (30 June 2011: €12.6 million). The increase is mainly due to the acquisition of PTTS, which operates the iPoker network for the Group's licensees.

The majority of the trade receivables balance of €36.8 million as at 30 June 2012 (30 June 2011: €14.7 million) was due to amounts payable by licensees for the month of June, as these are principally paid one month in arrears.

Intangible assets as at 30 June 2012 totalled €373.1 million (30 June 2011: €101.7 million). Of this, the majority comprises assets acquired from PTTS (€209.2 million), together with assets acquired and related goodwill from the acquisitions of the Tribeca, GTS, VF, Mobenga, Ash Gaming and Geneity businesses; patent and intellectual property rights; and development costs of new games and products.

Available for sale investments totalling €16.2 million (30 June 2011: €10.4 million) comprise the Group's shareholdings in Sportech plc and AsianLogic.

Investments in equity-accounted associates and joint ventures of €159.2 million (30 June 2011: €166.8 million) relate mainly to the investment in WHO of €153.8 million (30 June 2011: €159.2 million).

Long and short term deferred consideration balances of €135.5 million (30 June 2011: €13.8 million) represent the present value of payments due on the consideration for the PTTS acquisition.

Long term and short term contingent consideration of €12.4 million (30 June 2011: €6.9 million) represents the fair value of the contingent consideration for the acquisitions of the Mobenga and IGS businesses.

Dividend

In May 2012, the Group distributed a dividend for the full year ended 31 December 2011 of €47.9 million, representing 16.5 € cents per share. On 28 August 2012, the Board resolved to pay an interim

dividend of 7.8 € cents per share in accordance with the Group's dividend policy. This represents a payment of €22.5 million.

Principal risks and uncertainties

The key risks areas for the remainder of the current financial year, which have not changed from those set out on pages 44 and 45 of our 2011 Annual Report, are as follows:

- the impact of changes in regulation of online gambling impacting the Group's licensees or the Group's operations directly;
- the financial risk of reliance on major licensees;
- the need to continually innovate in order to remain competitive;
- the loss of profit from joint ventures and associates, in particular William Hill Online;
- the reliance upon intellectual property rights that may be lost or challenged;
- the adverse impact of hacking, DDOS attacks, computer viruses and phishing; and
- the effect of changes in taxation rates or legislation.

For a discussion of these risks and how we are addressing them, please refer to our 2011 Annual Report and Accounts and prospectus dated 28 June 2012, both of which are available in the investor relations section of the corporate website at www.playtech.com.

Directors' responsibility statement

We confirm to the best of our knowledge that this unaudited consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first 6 months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining 6 months of the financial year; and
- material related-party transactions in the first 6 months and any material changes in the related-party transactions described in the last Annual Report.

The Directors of Playtech Limited are listed in the Group's Annual Report and Accounts for the year ended 31 December 2011, with the exception of the following changes in the period: Andrew Thomas was appointed as Non-Executive Director on 19 June 2012. A list of current directors is maintained on Playtech's website, at www.playtech.com

By order of the Board,
Mor Weizer
Chief Executive Officer

David Mathewson
Chief Financial Officer

30 August 2012

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six Months ending 30 June 2012		Six Months ending 30 June 2011	
		Actual €'000	Adjusted* €'000	Actual €'000	Adjusted* €'000
Revenues	3	153,759	153,759	76,329	76,329
Distribution costs before depreciation and amortisation		(74,573)	(73,357)	(31,775)	(30,412)
Administrative expenses before depreciation and amortisation		(14,332)	(11,807)	(13,084)	(8,534)
Operating profit before depreciation and amortisation		64,854	68,595	31,470	37,383
Share of profit of associate		19,856	22,720	15,856	18,720
Amortisation of intangibles in associate		2,864	-	2,864	-
Income from associate		22,720	22,720	18,720	18,720
Share of loss from joint ventures, net		(88)	(88)	(322)	(322)
EBITDA		87,486	91,227	49,868	55,781
Depreciation and amortisation, including amortisation of intangibles in associate		(25,009)	(8,142)	(12,505)	(5,637)
Financing income		3,852	3,852	1,366	1,340
Finance cost - movement in deferred and contingent consideration		(37,766)	-	(115)	-
Finance cost – other		(1,480)	(1,480)	(752)	(752)
Total financing cost		(39,246)	(1,480)	(867)	(752)
Profit before taxation		27,083	85,457	37,862	50,732
Tax expense		(862)	(862)	(2)	(2)
Profit for the period		26,221	84,595	37,860	50,730
Profit for the period attributable to:					
Owners of the parent		26,150	84,524	37,860	50,730
Non-controlling interest		71	71	-	-
		26,221	84,595	37,860	50,730
Earnings per share for profit attributable to the owners of the parent during the year:					
Basic (cents)	5	9.0	29.2	15.6	20.9
Diluted (cents)	5	8.9	28.8	15.3	20.5
Other comprehensive income for the period:					
Adjustments for change in fair value of available for sale equity instruments		3,809	3,809	-	-
Total comprehensive income for the period		30,030	88,404	37,860	50,730
Total comprehensive income attributable to:					
Owners of the parent		29,959	88,333	37,860	50,730
Non-controlling interest		71	71	-	-
		30,030	88,404	37,860	50,730

* Adjusted numbers relate to certain non-cash and one-off items including amortisation of intangibles on acquisitions, amortisation of intangibles in associate, professional costs on acquisitions, finance costs on acquisitions, legal costs related to the litigation with associate and costs of admission to a premium listing on the main market, and additional various non-cash charges. The directors believe that the adjusted profit represents more closely the underlying trading performance of the business. A full reconciliation between the actual and adjusted results is provided in note 4.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Additional paid in capital	Available for sale reserve	Retained earnings	Total attributable to equity holders of parent	Non- controlling interest	Total equity
	€'000	€'000	€'000	€'000	€'000	€'000
Period ending 30 June 2012						
Balance at 1 January 2012	307,853	1,995	168,891	478,739	(49)	478,690
Changes in equity for the period						
Total comprehensive income for the period	-	3,809	26,150	29,959	71	30,030
Dividend paid	-	-	(47,890)	(47,890)	-	(47,890)
Prior period share issue costs	(57)	-	-	(57)	-	(57)
Exercise of options	197	-	-	197	-	197
Purchase of share options	-	-	(512)	(512)	-	(512)
Cancellation of treasury shares	(366)	-	366	-	-	-
Employee stock option scheme	-	-	1,673	1,673	-	1,673
Balance at 30 June 2012	307,627	5,804	148,678	462,109	22	462,131
Period ending 30 June 2011						
Balance at 1 January 2011	189,690	-	110,260	299,950	-	299,950
Changes in equity for the period						
Total comprehensive income for the period	-	-	37,860	37,860	-	37,860
Dividend paid	-	-	(23,377)	(23,377)	-	(23,377)
Purchase of treasury shares	-	-	(366)	(366)	-	(366)
Exercise of options	279	-	-	279	-	279
Employee stock option scheme	-	-	2,620	2,620	-	2,620
Balance at 30 June 2011	189,969	-	126,977	316,966	-	316,966

UNAUDITED CONSOLIDATED BALANCE SHEET

		At 30 June 2012	At 30 June 2011	At 31 December 2011
	Note	€'000	€'000	€'000
NON-CURRENT ASSETS				
Property, plant and equipment		20,810	13,194	21,548
Intangible assets		373,104	101,748	365,201
Investments in equity accounted associates & joint ventures		159,224	166,832	162,997
Available for sale investments		16,184	10,381	12,376
Other non-current assets		3,640	3,661	2,820
		572,962	295,816	564,942
CURRENT ASSETS				
Trade receivables		36,786	14,687	29,527
Other receivables		20,010	12,047	20,228
Cash and cash equivalents		139,316	64,255	164,832
		196,112	90,989	214,587
TOTAL ASSETS		769,074	386,805	779,529
EQUITY				
Additional paid in capital		307,627	189,969	307,853
Available for sale reserve		5,804	-	1,995
Retained earnings		148,678	126,997	168,891
Equity attributable to equity holders of the parent		462,109	319,966	478,739
Non-controlling interest		22	-	(49)
TOTAL EQUITY		462,131	319,966	478,690
NON CURRENT LIABILITIES				
Loans and borrowings	7	37,500	-	13,746
Other non-current liabilities		655	951	1,423
Deferred revenues		8,804	9,981	8,919
Deferred tax liability		5,886	1,809	5,287
Deferred and contingent consideration	8	71,580	661	152,737
		124,425	13,402	182,112
CURRENT LIABILITIES				
Loans and borrowings	7	38,104	-	13,787
Trade payables		12,931	10,887	13,056
Jackpots and poker security deposits		30,318	12,615	34,641
Tax liabilities		1,457	1,462	1,837
Deferred revenues		4,078	3,794	4,986
Deferred and contingent consideration	8	76,316	20,031	34,520
Other payables		19,314	7,648	15,900
		182,518	56,437	118,727
TOTAL EQUITY AND LIABILITIES		769,074	386,805	779,529

The financial statements were approved by the Board and authorised for issue on 30 August 2012.

Mor Weizer
Chief Executive Officer

David Mathewson
Chief Financial Officer

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ending 30 June 2012 €'000	Six months ending 30 June 2011 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	26,221	37,860
Adjustments to reconcile net income to net cash provided by operating activities (see below)	33,343	(8,768)
Income taxes paid	(1,657)	(1,719)
Net cash provided by operating activities	57,907	27,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term deposits and loan advances	(352)	(21)
Dividend received from equity-accounted associate	22,471	17,580
Acquisition of property, plant and equipment	(3,192)	(3,355)
Investment in joint ventures	-	(4,075)
Return on investment in joint venture	719	-
Acquisition of intangible assets	(230)	(331)
Acquisition of subsidiaries, net of cash acquired	(95,152)	(14,106)
Capitalised development costs	(6,949)	(4,173)
Proceeds from sale of property, plant and equipment	-	308
Net cash used in investing activities	(82,685)	(8,173)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the holders of the parent	(47,890)	(23,377)
Purchase of treasury shares	-	(366)
Purchase of share options	(512)	-
Proceeds from bank borrowings	75,000	-
Repayment of bank borrowings	(27,533)	-
Exercise of options	197	279
Net cash used in financing activities	(738)	(23,464)
DECREASE IN CASH AND CASH EQUIVALENTS	(25,516)	(4,264)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	164,832	68,519
CASH AND CASH EQUIVALENTS AT END OF PERIOD	139,316	64,255

	Six months ending 30 June 2012 €'000	Six months ending 30 June 2011 €'000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income and expenses not affecting operating cash flows:		
Depreciation	3,956	1,837
Amortisation, including amortisation of intangibles in associate	21,053	10,668
Income from associate	(22,720)	(18,720)
Share of net loss in joint ventures	88	322
Decline in fair value of available for sale investment	-	551
Employee stock option plan expenses	1,673	2,620
Income tax expense	862	2
Movement in deferred and contingent consideration	37,766	115
Exchange rate difference on deferred consideration	-	(1,185)
Others	(17)	53
Changes in operating assets and liabilities:		
Increase in trade receivables	(6,605)	(1,195)
Decrease/(Increase) in other receivables	100	(450)
Decrease in trade payables	(985)	(3,413)
Decrease in progressive and other operators' jackpot	(4,323)	(232)
Increase in other payables	3,518	1,597
Decrease in deferred revenues	(1,023)	(1,338)
	33,343	(8,768)

Acquisition of subsidiary, net of cash acquired

	Note	Six months ending 30 June 2012 €'000	Six months ending 30 June 2011 €'000
A. Acquisition of Intelligent Gaming Systems Limited	10a	952	2,836
B. Acquisition of PT Turnkey Services Limited	10b	76,000	-
C. Acquisition of Geneity Limited	9	18,200	-
D. Acquisition of GTS Limited		-	3,148
E. Acquisition of Virtue Fusion		-	8,122
		95,152	14,106

NOTE 1 – GENERAL

A. On 21 June 2012 Playtech Limited (the 'Company') re-domiciled as a company in the Isle of Man, United Kingdom. Prior to this date, it was a company domiciled in the British Virgin Islands and was incorporated 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 statements as at 30 June 2012 and 30 June 2011 and the six months then ended, respectively, have been reviewed by the Group's external auditors.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2011 Annual Report.

The annual financial statements of Playtech Limited are prepared in accordance with IFRSs as adopted by the European Union. The comparative financial information for period ended 30 June 2011 included within this report does not constitute the full statutory accounts for that period. The Independent Auditors' Report on that Annual Report and Financial Statement for 2011 was unqualified, and did not draw attention to any matters by way of emphasis.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly consolidated financial statements.

The same accounting policies, presentation and methods of computation are followed in these consolidated financial statements as were applied in the Group's latest annual audited financial statements except that in the current financial year the Group has changed the layout and format of the consolidated statement of comprehensive income as noted below. Additionally, the Group has adopted a number of revised Standards and Interpretations. However, none of these has had a material impact on the Group's reporting.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last Annual Report was published. It is not expected that any of these will have a material impact on the Group.

For the current period, the Group has changed the layout and format of the consolidated statement of comprehensive income compared to the 2011 Annual Report. The changes are to include an adjusted results column, highlighting adjusted EBITDA and adjusted net profit, in order to facilitate a greater linkage between statutory reported numbers and adjusted numbers, which are fundamental to how the directors monitor the underlying trading performance of the business. Therefore, the statutory format has changed and additional information presented on the face of the consolidated statement of comprehensive income, and in the notes, to enable a full reconciliation to the performance measures used by management.

To assist in understanding the underlying performance, the Group has also defined the following items of income and expense as one-off or non-cash in nature, a full reconciliation is provided in note 4:

- Decline in fair value of available for sale investments
- Amortisation of intangibles on acquisitions, and of intangibles in associate
- Movement in deferred and contingent consideration
- Employee stock option expense
- Professional expenses on acquisitions- One off legal costs related to the litigation with WHO, and the admission to a premium listing on the main market
- Finance cost due to exchange rates on deferred and contingent consideration

Significant judgements and estimates

There has been no change in the nature of the critical accounting estimates and judgements as set out in Note 3 to the Group's audited financial statements for the year ended 31 December 2011.

NOTE 3 – SEGMENT INFORMATION

Management considers that the Group's activity as a single source supplier of online gaming solutions constitutes one operating and reporting segment, as defined under IFRS 8.

Management review the performance of the Group by reference to group-wide profit measures and the revenues derived from 6 main product groupings:

- Poker
- Casino
- Bingo
- Videobet
- Services
- Other

The group-wide profit measures are Adjusted EBITDA and Adjusted net profit (see note 4). Management believes the adjusted profit measures represent more closely the underlying trading performance of the business. No other differences exist between the basis of preparation of the performance measures used by management and the figures in the group financial information.

There is no allocation of operating expenses, profit measures, assets and liabilities to individual product groupings. Accordingly the disclosures below are provided on an entity-wide basis

Revenue by product

	Six months ending 30 June 2012 €'000	Six months ending 30 June 2011 €'000
Casino	71,502	52,696
Poker	9,700	10,656
Bingo	8,792	7,116
Videobet	5,186	2,936
Services	52,452	335
Other	6,127	2,590
Total revenues	<u>153,759</u>	<u>76,329</u>

NOTE 4 – ADJUSTED ITEMS

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

	Six months ending 30 June 2012 €'000	Six months ending 30 June 2011 €'000
Distribution costs before depreciation and amortisation- actual	74,573	31,775
Employee stock option expenses	1,216	1,363
Distribution costs before depreciation and amortisation – adjusted	<u>73,357</u>	<u>30,412</u>
Administrative expenses before depreciation and amortisation - actual	14,332	13,084
Employee stock option expenses	457	1,257
Professional fees on acquisitions	155	1,256
Admission to premium listing on main market	1,913	-
One-off legal costs related to the litigation with associate	-	1,486
Decline in fair value of available for sale investments	-	551
Total adjusted items	<u>2,525</u>	<u>4,550</u>
Administrative expenses before depreciation and	<u>11,807</u>	<u>8,534</u>

amortisation – adjusted		
Depreciation – distribution costs	3,413	1,464
Depreciation – administration costs	543	373
Amortisation – distribution costs	4,186	3,800
Depreciation and amortisation – adjusted	8,142	5,637
Amortisation of intangibles on acquisitions – distribution costs	14,003	4,004
Amortisation of intangibles in associate	2,864	2,864
Total depreciation and amortisation including amortisation of intangibles in associate	25,009	12,505
EBITDA	87,486	49,868
Employee stock option expenses	1,673	2,620
Professional fees on acquisitions	155	1,256
Admission to a premium listing on the main market	1,913	-
One-off legal costs related to the litigation with associate	-	1,486
Decline in fair value of available for sale investments	-	551
Adjusted EBITDA	91,227	55,781
Profit for the period	26,150	37,860
Employee stock option expenses	1,673	2,620
Professional fees on acquisitions	155	1,256
Admission to a premium listing on the main market	1,913	-
One-off legal costs related to the litigation with associate	-	1,486
Amortisation of intangibles on acquisitions including amortisation on investment in associate	16,867	6,868
Decline in fair value of available for sale investments	-	551
Movement in deferred and contingent consideration	37,766	115
Exchange differences – on deferred consideration	-	(26)
Adjusted profit for the period	84,524	50,730

NOTE 5 – EARNINGS PER SHARE

Earnings per share have been calculated using the weighted average number of shares in issue during the relevant financial periods. The weighted average number of equity shares in issue and the earnings, being profit after tax, is listed below. In addition, adjusted earnings per share have been disclosed as the directors believe that the adjusted profit represents more closely the underlying trading performance of the business. The adjusted items are included in note 4.

	Six Months ending 30 June 2012		Six Months ending 30 June 2011	
	Actual €'000	Adjusted* €'000	Actual €'000	Adjusted* €'000
Profit for the period attributable to the owners of the parent	26,150	84,524	37,860	50,730
Earnings per share for profit attributable to the owners of the parent during the period:				
Basic (cents)	9.0	29.2	15.6	20.9
Diluted (cents)	8.9	28.8	15.3	20.5

	Number	Number
<i>Denominator – basic</i>		
Weighted average number of equity shares	289,247,637	242,629,652
<i>Denominator – Diluted</i>		
Weighted average number of equity shares	289,247,637	242,629,652
Weighted average number of option shares	3,859,631	4,982,423
Weighted average number of shares	293,107,268	247,612,075

As at 30 June 2012, out of the entire share options outstanding, 8,182,121 (2011 – 8,351,888) have been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. – they are out of the money) and therefore it would not be advantageous for the holders to exercise those options.

NOTE 6 – SHAREHOLDERS' EQUITY

A. Share Capital

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

	Number of Shares	
	30 June 2012	30 June 2011
Authorised	N/A(*)	N/A(*)
Issued and paid up	289,287,628	242,671,040

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

B. Treasury shares

On 25 June 2012, the Group cancelled all of the 100,000 ordinary shares of no par value held by the company in treasury. These shares were purchased in June 2011. The weighted average cost of own shares held in treasury was £3.2849 per share.

C. Share option exercised

During the period 73,280 (H1/2011– 72,021) share options were exercised.

D. Distribution of Dividend

In May 2012, the Group distributed € 47,889,585 as a final dividend for the year ended 31 December 2011.

NOTE 7 – LOANS AND BORROWINGS

	30 June 2012	31 December 2011
	€'000	€'000
Current bank borrowings	38,104	13,787
Non-current bank borrowings	37,500	13,746
	75,604	27,533

The loan outstanding at 31 December 2011 was fully repaid in February 2012.

The Group has undrawn committed borrowing facilities available at 30 June 2012 of €35.0 million.

NOTE 8 – DEFERRED AND CONTINGENT CONSIDERATION

	30 June 2012	31 December 2011
	€'000	€'000
Non-current deferred consideration		
Acquisition of PT Turnkey Services Limited	59,555	41,752
Non-current contingent consideration		
Acquisition of PT Turnkey Services Limited	-	98,643
Acquisition of Intelligent Gaming Systems Limited	399	709
Acquisition of Mobenga AB Limited	11,626	11,633
	<u>71,580</u>	<u>152,737</u>
	30 June 2012	31 December 2011
	€'000	€'000
Current deferred consideration		
Acquisition of PT Turnkey Services Limited	75,978	33,591
Current contingent consideration		
Acquisition of Intelligent Gaming Systems Limited	338	929
	<u>76,316</u>	<u>34,520</u>

NOTE 9 – ACQUISITIONS DURING THE YEAR

A. Acquisition of Geneity Limited

On 23 January 2012, the Group acquired 100% of the shares of Geneity Limited (hereinafter “Geneity”). Geneity is a provider of e-gaming software products, focused primarily on the sportsbook and lottery sectors.

The group paid an initial consideration, including working capital adjustment, of €15.1 million (£11.4 million) in cash of which €4.7 million (£4.0 million) will be held in escrow for 30 months, and additional deferred consideration of €4.7 million (£4.0 million) subject to certain agreed deliverables to be provided by Geneity. The deferred consideration will be held in escrow for either 36 months or until the criteria is met. It is anticipated that the criteria will be met in September 2012.

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

	Book value prior to acquisition	Adjustments	Fair value on acquisition
	€'000	€'000	€'000
Property, plant and equipment	26	-	26
Intangible assets	65	3,864	3,929
Trade and other receivables	654	-	654
Cash and cash equivalents	1,657	-	1,657
Deferred tax liability	(138)	(966)	(1,104)
Trade payables	(110)	-	(110)
Net identified assets	<u>2,154</u>	<u>2,898</u>	<u>5,052</u>
Provisional goodwill			<u>14,805</u>
Fair value of consideration			<u>19,857</u>
Cash purchased			<u>(1,657)</u>
Net cash paid			<u>18,200</u>

Management have not disclosed Geneity's contribution to the Group profit since the acquisition date nor have they disclosed the impact the acquisition would have and on the Group's revenue and profits if it had occurred on 1 January 2012, because the amounts are not material.

NOTE 10 – ACQUISITIONS IN PRIOR PERIOD

A. Acquisition of Intelligent Gaming Systems Limited

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 €2.9 million (£2.5 million) in cash and additional contingent consideration of up to €3.5 million (£3.0 million) is payable in respect of the adjusted PBT performance in 2011-2013 in the beginning of each following year. The group paid the first additional contingent consideration of €1.0m during the period, and the amount included in note 8 represents the fair value of the remaining contingent consideration as at 30 June 2012.

B. Acquisition of PT Turnkey Services Limited

On 10 March 2011 the Group entered into an agreement to purchase 100% of the issued share capital of PT Turnkey Services Limited (hereinafter “PTTS”) from Worldwide Online Enterprises Limited (hereinafter “WOE”). On completion, 1 July 2011, PTTS, a newly incorporated holding company established in connection with the acquisition, owned a group of new companies (together the PTTS Group) which owned the assets carrying out a range of complementary B2B online gaming service operations that provide support to the Group’s licensees.

WOE is related to Playtech by virtue of a significant common shareholder.

The PTTS Group provides marketing and ancillary services to operators of online gaming businesses. These comprise four separate service offerings - marketing, operations, payment advisory and network management.

In consideration, the Group paid an initial amount of €140 million as follows:

	€’000
Working capital adjustment	14,800
Paid in 2011	45,000
Paid in 2012 as early settlement	76,000
Discounting of initial consideration	4,200
Total initial consideration	<u>140,000</u>

The finance cost related to the initial consideration in the period amounts to €0.7m.

In addition to the initial amount, the Group will pay a further €140 million contingent consideration, which became payable, and thus treated as deferred consideration as at 30 June 2012, after meeting the accelerated payment mechanism. The acceleration has occurred by virtue of PTTS having achieved an annualised adjusted EBITDA in excess of €40 million by reference to its actual performance for the period ended 30 June 2012.

In accordance with the original acquisition terms, the contingent consideration is payable in four non-interest bearing instalments over the following 18 months as detailed in note 8. The movement in fair value of deferred and contingent consideration in the period of €37.2 million is included in finance costs.

NOTE 11 – RELATED PARTIES AND SHAREHOLDERS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party’s making of financial or operational decisions, or if both parties are controlled by the same third party.

Gamepark Trading Ltd, Tech Corporation and 800pay Ltd were previously related by virtue of a common significant shareholder, however on 1 July 2011, they sold their assets to PTTS subsidiary

companies immediately prior to the acquisition by Playtech (as detailed in note 10). Netplay TV PLC, Skywind Holdings Limited (“Skywind”) and Anise Development Limited (“Anise”) are related by virtue of a common significant shareholder.

Sportech PLC is related by virtue of a common non-executive Director. WH Online, Sciplay and International Terming Leasing (“ITL”) are associates of the Group.

The following transactions arose with related parties:

	30 June 2012 €'000	30 June 2011 €'000
Revenue including income from associate		
Sportech	671	46
Netplay TV PLC	1,604	1,002
WH Online	38,730	26,967
Share of profit/(loss) in joint venture		
ITL	76	46
Sciplay	(164)	(368)
Operating expenses		
Gamepark Trading Limited	-	179
Tech Corporation	-	357
800pay Ltd	-	135
Anise	165	-
Skywind	333	-

NOTE 12 – CONTINGENT LIABILITIES

The Group is not a gaming operator and does not provide gaming services to players. As part of the Board’s ongoing regulatory compliance process, the Board continues to monitor legal and regulatory developments and their potential impact on the Group.

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

INDEPENDENT REVIEW REPORT TO PLAYTECH LIMITED

Introduction

We have been engaged by the company to review the set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated statement of cashflows, and related explanatory notes.

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 set of financial statements.

Directors’ responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the 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 its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority 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 set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

*BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom*

30 August 2012

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