

Source of Success

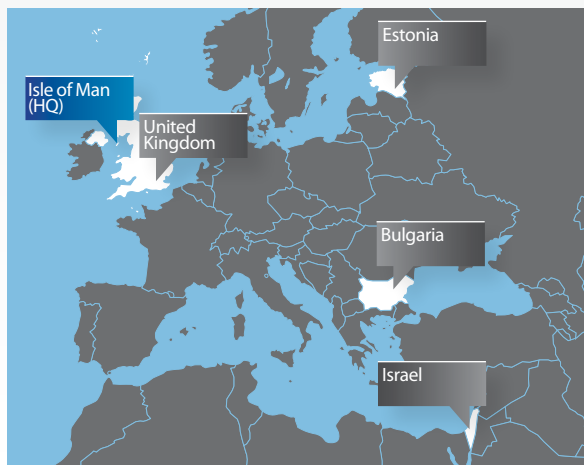
Half Year Report
Six months ended 30 June 2010



About Playtech:

As the world's largest publicly-traded online gaming software supplier, Playtech offers cutting-edge, value-added solutions to the industry's leading operators.

Our philosophy is based on deep and stable partnerships and our success on a commitment to achieving excellence through cooperation and shared goals with our licensees.



2010 key locations:

Isle of Man (HQ): 11 employees

Estonia: 508 employees in two branches

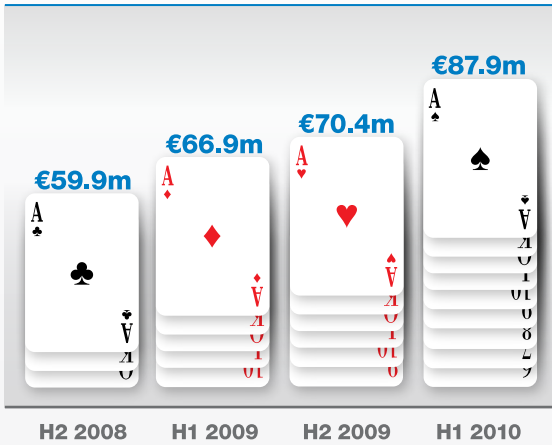
United Kingdom: 301 employees

Israel: 164 employees

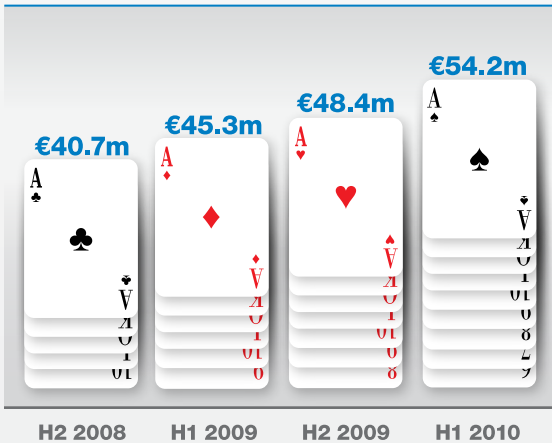
Bulgaria: 155 employees

Highlights:

Gross income



Adjusted EBITDA



- Acquisition of Virtue Fusion in February 2010 positions Playtech as the leading B2B bingo network provider.
- Strategic partnerships with Scientific Games and Sportech, announced in January.
- H1 launches of Italian bingo and French poker networks increases presence in key new regulated markets.
- Awarded contract with Finnish gaming monopoly RAY.
- Videobet achieves critical mass through partnership with Global Draw.

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 This Half Year Report provides information on Playtech which is supplementary to that set out in greater detail in our Annual Report. Our last published Annual Report can be found at www.playtech.com/html/annualreport2009

Our Products:

Playtech's product suite is fully integrated in a complete cross-platform offering, making Playtech the software provider of choice for many of the industry's leading operators.



The Playtech **Casino** has over 500 games, available in Flash and download, making it one of the largest games libraries in the industry. With best-of-breed graphics and audio together with regular releases of new games content, the Playtech Casino has been designed to attract and retain a broad range of players. The integration of casino mini-games and side games onto other product verticals leverages conversion rates and increases brand awareness, while the **Mobile** platform allows players to continue playing on the go.

The Live offering drives important cross-channel traffic, blurring the boundaries between land-based and online environments. The **Live dealer and TV broadcast** formats attract a wide range of participants, who enjoy the community feel of the multiplayer experience and real-time interaction with the dealer.

Playtech's **iPoker network** is the largest independent poker network in the world, with over 30,000 concurrent players. The network offers a large variety of game types and a range of lucrative tournaments, including the European Championship of Online Poker. The iPoker.it network is one of the leading networks in the Italian regulated market and is fully compliant with all the prescriptions outlined by Italy's regulatory body, AAMS.

Playtech also offers the world's largest **Bingo** network, through the acquisition of leading bingo provider Virtue Fusion. In a market where player liquidity is crucial, the network has over 7,000 concurrent players, enabling licensees to offer regular rewards, prizes and progressive jackpots for a fraction of the payout liability. At the beginning of 2010, Playtech launched the first bingo network for the Italian regulated market, with a fully customised client to appeal the local players.

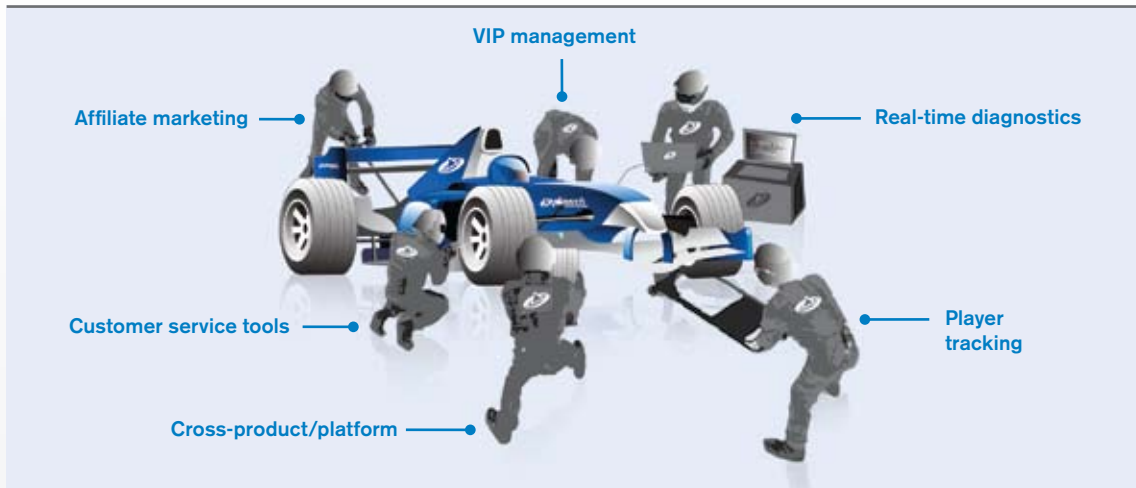
At the end of 2009, Playtech launched its **Sports Betting** platform and 2010's release of over 150 new bet types and enhanced features significantly improve the appeal, performance and scalability of the platform.

Playtech's land-based subsidiary **Videobet** provides a complete end-to-end solution for land-based gaming operators, ranging from standalone gaming machines to full server-based video lottery terminals (VLT). The unique cross-platform capability of Playtech's product suite enables players to access the online, broadcast, mobile and server-based gaming platforms through a single account.



For a more detailed description of this subject, please view our Annual Report online at: www.playtech.com/html/annualreport2009

Information Management Solution – Full Service Support:



Like race teams behind Formula 1 drivers, Playtech’s IMS supports operators in all aspects of their business strategy and operations, using proprietary technology and continual innovation to achieve even greater performance.

Playtech’s product suite is fully integrated in a complete cross-platform offering, which enables online, broadcast, mobile and land-based platforms to run through a single administrative system. Playtech’s Information Management Solution (IMS) is the backbone of the offering, controlling all products and enabling licensees to maximise cross-selling opportunities.

The real-time reporting and advanced marketing tools provided by the IMS play a key role in player retention and conversion. These tools allow licensees to generate reports and statistics on all aspects of their players’ activity, thereby enabling the crucial segmentation of the player base and the more effective targeting of marketing strategy and future spend.

The IMS allows licensees to communicate with players via a range of media, both online and offline, ensuring that they contact players in the most relevant and effective ways. This real-time, proactive customer support is a powerful tool in increasing player loyalty and therefore lifetime value.

With Playtech’s unique cross-platform capabilities, supported by the sophisticated and all-encompassing tools of the IMS, operators can easily integrate new products on a single platform, creating new revenue streams and maximising profitability.

Our key advantages:

→ **Our products:**
Best-of-breed products including world’s largest online poker and bingo networks

→ **Our technology:**
Fully integrated cross-platform solution supported by powerful real-time analytics

→ **Our people:**
The largest R&D team in the industry invested in product development and innovation

→ **Our business:**
Pure B2B provider focused on partnership with licensees

Our Business Model:

Our business model is centred on the continual development of market-leading gaming products and content, and built upon strong partnerships with our licensees.

Licensees

Pure B2B provider:

Playtech's pure B2B approach avoids any conflict of interest with licensees, and ensures a focus on developing the tools and business solutions best suited to third-party operators.

Partnering with a diverse range of licensees gives Playtech a unique understanding of the market place and the ability to develop tools which are at the cutting edge of industry practice.

Clear alignment with all licensees:

Playtech does not compete with operators, and through the revenue share structure, the interests of Playtech and the licensee are aligned.

New tools and games are suggested by experienced operators but the resulting upgrades are provided to all licensees so that there is a level playing field between operators.

Maximising flexibility and integration capabilities:

Products can operate on a standalone basis or are easily integrated into existing third-party platforms, such as sportsbook or lottery systems. The full product/cross-platform capability allows operators to maximise their cross-selling capabilities.

Playtech has sophisticated tools to facilitate the seamless migration of licensees from other software providers, greatly reducing the operational risks when operators upgrade to the Playtech platform.

Ability to address the need both of licensees and of newly-regulated markets

Products

Comprehensive product offering:

Playtech's licensees benefit from a best-of-breed product offering, including leading games content, the largest independent networks, server-based terminals, live dealer games, sports betting, TV broadcast games and mobile games.

A full product suite and cross-platform capability is particularly important as new regulated markets open in stages; new products can be quickly integrated as and when they become regulated in the market.

Continual innovation:

Playtech is at the forefront of industry innovation and growth, with a product development team of over 700 people.

Licensees benefit through regular releases of new games content and developments of the operating platform. These match the pace of change and increasing demand from players for an enhanced gaming experience.

Delivering market leading technology:

Operators are provided with the very best in real-time tools and analytics, which are continually developed by Playtech in conjunction with our licensees' needs and expectations.

The combination of Playtech's 10 years of development expertise with the B2C expertise of our licensees produces the most sophisticated tools for maximising player acquisition, retention and overall yield.

Highly scalable business model and high operating margins

Unique industry position delivering economies of scale and extensive licensee understanding

Strategic Positioning:

Acquisitions strengthen product portfolio

Through strategic acquisitions Playtech has strengthened its product portfolio in areas that were previously under-represented. GTS delivers a sophisticated games platform with the ability to integrate third-party games and localised content. Virtue Fusion brings market-leading network liquidity to Playtech's bingo product in what has been the fastest growing online segment.

Strategic partnerships deliver global reach

Playtech has sought to partner with other B2B providers to target locally regulated markets where the combined skill set delivers substantial benefits in terms of global reach. These strategic partnerships immediately give Playtech detailed local understanding and relationships with existing operators who are known to be looking to enter the online or server-based gaming market.

The most significant of these is the joint venture with Scientific Games focusing on lottery operators worldwide. This has broadened Playtech's reach and expertise in what is a highly regulated and principally government-controlled environment. In addition, the software partnership with Scientific Games' subsidiary, The Global Draw, brings critical mass to Playtech's server-based terminal business, Videobet.

Market opportunities

With market-leading technology and content, and partners with substantial global footprints in particular segments, Playtech has a highly flexible offering which can be tailored for each licensee and each market.

Global market

Playtech sees growth in the global offshore segment coming both from existing licensees increasing their product range and geographic reach, and from a number of potential new licensees seeking to upgrade their technology platform or content. This segment remains a very substantial market and a key portion of Playtech's business.

Locally regulated markets

Playtech's experience in locally regulated markets is a crucial part of the Company's success, and with a business model built around compliance, these markets hold substantial growth opportunities for the Company. Membership of the World Lottery Association and close relationships with regulators worldwide reflect Playtech's strong reputation.

A number of countries are in the process of establishing a legal framework for online gambling. Significant opportunities are available to Playtech, given its flexibility, to tailor its product range and services according to the framework and rules of a local jurisdiction, as well as its suite of tools for promoting responsible gaming and managing compliance reporting.

Lottery operators

Operators in the global lottery market, which the WLA estimate to generate revenues well in excess of US\$100bn, are seeking further opportunities for revenue growth. As a result, lottery operators are emerging as an important force in online gaming in locally regulated markets. Playtech sees considerable potential for this segment to be a material driver of its revenues in the medium to long-term and has sought to position itself to take best advantage of such opportunities.

Server-based gaming

Land-based gaming terminals are a hugely significant, multi-billion dollar global market, and one which is driven by local land-based distributors. Videobet has developed a unique server-based system which leverages off the technology, expertise and content of Playtech's online offering and in particular, the IMS.

Selecting a B2B software provider

As the largest and most sophisticated B2B provider, Playtech attracts a broad range of licensees in each regulated market. For established local gaming and lottery operators, scale, credibility and longstanding B2B experience are key factors in their choice of software partner. Playtech believes that the online gaming market is set for continued rapid growth in the coming years, and has positioned itself strategically to take advantage of such growth.



For a more detailed description of this subject, please view our Annual Report online at: www.playtech.com/html/annualreport2009

Chairman's Statement:

I am once again pleased to present an excellent set of results to shareholders, for the six months ended 30 June 2010.

Revenues and profits have increased strongly on the previous year, and demonstrate the strength of the Group's enhanced product offering and diversified business model.

During the first half of 2010 there have been a number of exciting developments for the Group. In January, Playtech unveiled its strategic partnership with New York-based lottery gaming systems provider Scientific Games Corporation, to develop and market next-generation internet and land-based gaming products and services for regulated gaming operators in the US and other countries.

The Company also announced its establishment of a relationship with Sportech PLC, owner of major pool betting brands including the New Football Pools and Vernons, which will include the provision of e-gaming solutions.

In February, Playtech acquired Virtue Fusion, the leading developer and licensor of online bingo products. The deal placed Playtech into a leading position in this rapidly-growing market segment. Alongside the acquisition of games platform developer GTS in December 2009, Playtech has significantly enhanced its overall product offering.

In the gaming industry as a whole, there has been significant change. Europe's online gaming industry has continued moving towards regulation, a trend that is likely to continue as more countries introduce legislation to control and tax online gaming. I am confident that this trend will be reflected in the US in due course, as leading opinion-formers make more positive moves towards permitting some form of regulated activity.

Playtech is particularly well positioned to benefit from these changing industry dynamics and the opportunities presented in both existing and newly-regulating markets. We are able to be highly flexible and efficient in the ways we enter new regulated markets, with limited entry costs and the ability to partner with a wide range of well-established local operators.

We have a substantial list of new revenue streams and have more in the pipeline. These will do much to offset the impact of revenues lost as France closed its doors to online casinos. While it will take some time before our French poker business returns to historic levels, our growth trajectory remains very much intact.

In the first half of this year, we launched our bingo network in Italy, launched in Estonia with the leading regional operator, and won the contract for RAY, the state monopoly provider in Finland. Since then, we have also launched our French poker network; won the contract for providing Ladbrokes with software for its substantial UK FOBT gaming terminal estate; and will add flash casino to the products we provide to Betfair.

During the first half of the year, the Board was significantly strengthened by the addition of Barry Gibson and David Mathewson, both of whom are experienced non-executive directors with considerable knowledge of the gaming industry. In terms of composition and independence, Playtech's Board now meets the requirements of the UK Corporate Governance Code and I expect additional appointments to enhance its capabilities further in due course.

While the search for a permanent CFO has taken longer than many anticipated, this process is now in its later stages. The Board also remains fully committed to entering the Main List and has commenced the necessary workstreams.

In the 2009 interim report to shareholders, I committed to improving shareholder communications. In June, Playtech held its first investor day, with presentations and demonstrations focused on giving greater understanding of the Company's operations and product capabilities. I was pleased to see more than 60 analysts and investors attend and the response from investors has been extremely positive. These presentations are available to view on the Company's website.

Adjusted basic EPS:**19.9 € cents****Interim dividend:****9.4 € cents**

Playtech is a very profitable and strongly cash-generative business with no debt and cash reserves of €60 million as at the end of the period. Notwithstanding our expectations of a more challenging operating environment in the second half, the Board is confident that the Company will continue to perform well.

The Board has accordingly approved the payment of an interim dividend of €9.4c per share (2009: €8.9c), which is payable on 22 October 2010 to all shareholders on the register as at 24 September 2010. This payment is in line with the Company's stated dividend policy and recognises the Board's continued confidence in the strength of the Company's business model.

Success in such a dynamic and fast-changing environment requires innovation, determination and hard work: these are qualities associated with Playtech's talented and diverse employee base and are an underlying reason for our excellent results. I would like to thank all our employees for their continued loyalty and dedication.

The Company continues to make good progress on many fronts and there are a great many exciting opportunities ahead which give the Board confidence that Playtech will continue to make solid progress for the remainder of 2010 and beyond.

Roger Withers
Chairman
26 August 2010

Regulatory change across Europe is transforming the market's dynamics and opening up many new opportunities.

Roger Withers



Playtech and US-based Scientific Games form joint venture to target lottery operators.

Chief Executive Officer's Report:

Playtech's focus on regulated markets has delivered considerable rewards in the first half of 2010.

Overview

I am pleased to report that the first half of 2010 has seen Playtech continuing the momentum it had at the start of the year, with gross income growing by 31% to €87.9 million, revenues up by 29% to €72.9 million and adjusted EBITDA increasing by 20% to €54.2 million.

The underlying performance of Playtech's business continues to be resilient and recent announcements of the launch of the Italian bingo network, the French poker network, casino and poker for RAY (the sole licence-holder in Finland), and Betfair's casino migration all point to a robust pipeline helping to drive incremental growth. The Group also made a number of acquisitions and strategic alliances in the first half which have consolidated its position as the leading independent software provider to the worldwide gaming industry, and opened up further opportunities for revenue growth.

Strategy

We remain committed to a strategy of focusing on regulated or soon-to-be-regulated markets as a business-to-business (B2B) services provider. I believe that this approach delivers substantial benefits to licensees and strengthens our business relationship by ensuring a clear alignment with their interests. It allows Playtech to focus on the continual development of a wide range of market-leading gaming products and services, for a wide range of operators. We benefit from significant economies of scale in technology innovation, and substantial licensee networks for both poker and bingo.

A major subject of industry debate in 2010 has been the scope for consolidation among B2B and B2C operators. Our business model remains robust, based on the benefits it brings to new and existing operators in meeting their increasingly important need to compete in terms of player liquidity and scale. Playtech has been very successful in its M&A actions to date and I see a number of opportunities resulting from such consolidation, with even the largest of operators outsourcing elements of their software and games development.

Regulatory change is also continuing to drive a period of substantial industry transformation. Playtech will evaluate a broad range of acquisition opportunities that will enable it to enhance its product and service range, maintain its compelling and competitive proposition to existing and prospective licensees, and reinforce its position as the premier B2B provider to the gaming industry.

Licensees and regulated markets

Playtech's focus on regulated markets has delivered considerable rewards in the first half of 2010. In May, the Company was selected to supply online gaming to Finland's Slot Machine Association, Rahaautomaattiyhdistys ('RAY') the exclusive operator of gaming machines and casino games in the country. Playtech is currently implementing its system for RAY, which is anticipated to go live at the start of the fourth quarter.

In addition, the Company strengthened its position in the Italian market by launching its bingo network in the country, first with SISAL in March, and subsequently signing SNAI and Eurobet. Other major operators are expected to join in the near future, building on the success of the Italian poker network which, with a 16% market share, is one of the largest in the country and is growing faster than the market as a whole.



Total revenues:**€72.9m****Net profit after tax:****€37.0m**

In France, where new regulations were introduced permitting online poker and sportsbook operations in June, Playtech's poker network was launched with Chillipoker. Three other French Playtech customers, JOA, Groupe Tranchant and Casino du Golfe, have also applied for a licence. Playtech is focused on attracting a mix of licensees to the network, first targeting well-established local operators looking to enter the market. A number of our existing international licensees are also actively preparing to apply for licenses and rejoin the regulated network.

While the French poker network will take some months to become established, with the experience of our success in Italy, we anticipate growing it to become one of the largest in France. Playtech and its licensees withdrew their online casino offering from the French market ahead of the regulations and this will have a negative impact on the Group's French revenues for the remainder of the year and into 2011 as the market adapts to a new operating environment.

Elsewhere, good progress is being made within existing operations across other regulated markets, such as the UK, and newer markets including Estonia and Serbia. The Company will soon launch online casino and poker offerings for Casino Gran Madrid, one of the largest and most prestigious land-based casino operators in Spain. Incremental licensee opportunities are expected elsewhere in Europe and further afield across the product range.

Looking to the longer term, we continue to explore opportunities with lottery providers and other government-owned operators in markets where regulation is expected or under way. In the US as well as Europe, these bodies have been particularly interested in Scisplay and keen to understand its offering, particularly its bespoke lottery product. Whilst regulation remains some way off, the joint venture's profile is increasing and positive relationships are being built. I am confident that Playtech will receive further serious consideration from all operators as and when opportunities arise.

We remain committed to a strategy of focusing on regulated or soon-to-be-regulated markets as a business-to-business (B2B) services provider.

Mor Weizer

Chief Executive Officer's Report continued

William Hill Online

In the first half of 2010, William Hill Online continued to strengthen its competitive position, further developing a market-leading sportsbook and providing a high-quality gaming experience.

Our 29% interest contributed a share of profit of €15.0 million (£12.9m), up 46% in the first half of 2010 compared to the first half of 2009. The positive momentum seen in the first quarter of 2010 continued through the rest of the first half, with new accounts up 38% and unique active players up 20% for the half versus the comparable period.

However, following the Group's decision to withdraw from the French market, it is likely that casino net revenue in the second half will be below that seen in the prior year, as William Hill announced in May.

Products

Playtech's licensees benefit from a highly flexible open-architecture gaming platform and a best-of-breed product range, recently enhanced by the addition of the Virtue Fusion bingo network and GTS's technology platform and large portfolio of games. Well over half of the Company's employees work in research and development roles, and Playtech continues to invest in improvements to its product suite and in the development of new platforms such as mobile and TV.

**Playtech's licensees
benefit from a highly flexible
open-architecture gaming
platform and a best-of-breed
product range.**

Casino

As Playtech's principal product, casino has continued to perform strongly in the first half of the year, with revenues up 31% on the first half of 2009, to €49.1 million. With more than 500 fixed odds, virtual sports, slots, and table games, including leading-edge branded content, Playtech has one of the most comprehensive and exciting game suites available in the market.

Recent launches include additions to the branded content such as 'Rocky' and 'Pink Panther', following other Marvel brands which were introduced in the first half of the year. In total, some 60 new games were launched across flash and download formats.

Today's announcement of the launch at the beginning of September of Betfair's web-based casino with Playtech is another very positive step, as this is Betfair's principal format. It reflects a shifting market perception of complementary web-based offerings as equally important to the traditional high-definition download product, particularly for attracting new players to try out games for the first time.

This change in focus was one which, supported by Playtech's acquisition of GTS at the end of 2009, has helped define Playtech's strategic positioning, as GTS has given the Company substantial browser-based technology expertise and an open-architecture platform with access to over 25 third-party game developers. Over the past six months, the GTS platform was integrated with Playtech's IMS management platform to deliver substantial functionality to licensees. GTS's strong positioning with European sportsbooks also helped to mitigate the slowdown in player activity as the World Cup dominated attention in June and early July.

Videobet is starting to show its true potential, providing the link between online gaming technology and the land-based market.

Poker

While poker enjoyed a strong first quarter to the year, recent activity has fallen back in line with the rest of the market in the second quarter. During the period, poker revenues were €15.8 million, a decline of 8% compared to the first half of 2009. These revenues were impacted by the football World Cup, with players less willing to participate in lengthy tournaments and sportsbook operators focusing their marketing spend on sports betting. I believe that Playtech's poker network strategy has helped to mitigate the impact of the decline in the poker market, where the unlevel playing field remains keenly felt.

The iPoker network is focusing on attracting and nurturing new recreational players who are the lifeblood of a healthy network. The diverse nature of Playtech's licensees also means that it has no significant exposure risks by way of geography, licensee or player type.

It is increasingly clear that the best opportunities for growth in poker will be in the newly-regulated markets, where a broader range of advertising is permitted which will encourage a wider range of players, as demonstrated by the success of the Italian poker network. I believe it was this approach that underpinned Playtech's win of both Poker Network of the Year and Poker Software Supplier of the Year titles at the EGR B2B awards in June.

Bingo

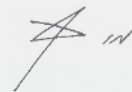
Since Virtue Fusion was acquired in February, its performance has exceeded our expectations. Bingo revenues in the period, which do not show a full six months' contribution from Virtue Fusion, were €4.5 million, compared with €0.1 million in the same period last year. Virtue Fusion has delivered strongly on the objectives set at the time of the acquisition, helped by a programme of highly successful product launches such as 'Britain's Got Talent' and 'Deal or No Deal', for which it won one of its three awards in June for Best Bingo Software and Innovation.

I am confident that Playtech's contribution from bingo will continue to grow strongly, with a pipeline of significant operators in detailed discussions to join the network both in the UK and elsewhere as we bring our international experience to bear.

Videobet

Videobet, the server-based gaming machine division, has undergone a transformational six months and is starting to show its true potential, providing the link between online gaming technology and the land-based market. At the start of the year, Videobet signed an exclusive agreement with The Global Draw, the UK's leading provider of server-based gaming terminals, to upgrade its technology platform. This included the conversion of 13,500 Fixed Odds Betting Terminals (FOBT) in the UK to the Videobet platform over the course of the year, which is progressing successfully.

Videobet recently announced an agreement, again through The Global Draw, under which Videobet will provide the technology platform to Ladbrokes for approximately 7,600 of its gaming machines (nearly its entire estate). Once these machines are converted, Videobet software will be a UK market leader. On the back of this success in the key UK market, Videobet is exploring further opportunities internationally, and already has a growing footprint in Romania, Czech Republic and Italy.



Mor Weizer

Chief Executive Officer
26 August 2010

Corporate Social Responsibility:

Playtech is committed to integrating corporate responsibility within its businesses; this will support the continued generation of long-term value and enhance our ability to deliver on our strategic objectives.

Overview

We recognise that corporate responsibility will also facilitate the creation of more valuable relationships with our stakeholders by evidencing our focus and management of the non-financial risks of concern, both to them and to Playtech.

A responsible approach to such challenges, together with risk assessment and mitigation, will have a positive impact on our ability to succeed both operationally and strategically. Investment in corporate responsibility represents a significant opportunity for our business and creates additional value through enhanced stakeholder trust. Many key elements which make up responsible management in our business are already firmly in place and deeply embedded, such as employee engagement, regulation and responsible gaming as described on page 14.

We believe that the issues of interest to our stakeholders, many of which are important non-financial opportunities or risks, can be grouped into four areas:

→ Workplace:

Our employees and how we attract, develop and retain the best talent

→ Marketplace:

Commitment to responsible gaming, regulators, our licensees, shareholders, and other business partners

→ Community:

Where our employees, business partners and licensees live and work; our broader obligations to society

→ Environment:

To mitigate our environmental footprint, where relevant and appropriate to the nature and scale of our business



Playtech's employees at a briefing day in Tartu, Estonia.



In the second half of 2010 we intend to place our efforts on a more formal basis. We will commence an exercise to identify the key non-financial risk areas on a group-wide basis, and thus where to focus the energies of an ongoing corporate responsibility programme. This will include embedding a process of identification, analysis and mitigation of material non-financial risks, and their monitoring and transparent reporting. By aligning a process of mitigating non-financial risks and promoting core Group values within our business strategy, we will further our goals of a sustainable business model and achieve value for our corporate responsibility investment in its own right.

Playtech's leading market position is supported by the development team's capacity for delivering technological innovation and development of sophisticated tools and games which operate within highly regulated environments. Two areas within corporate responsibility are central to the maintenance of this position: employee engagement within the workplace to retain the best software developers; and responsible gaming within the marketplace, as described below:

Employee engagement

The Group is aware of the vital contribution its employees make to the success of the business. Ensuring that the Group continues to be able to attract and retain talented employees is essential to ensure the long-term success of the business. The Board recognises the importance of engaging with employees and providing information of concern to them.

This enables our people to improve their performance and contribute to the achievement of the Group's objectives. The Group has initiated an annual employee survey to measure the overall satisfaction of staff with their work and the environment in which they operate. The results of the survey will assist management to better understand the key drivers of satisfaction and measure performance against our objectives.

Further, the Board has launched a social involvement programme designed to support local educational charities and initiatives in the countries where the Group has operations. Our people are actively engaged in these initiatives, delivering educational support and assistance to the disadvantaged children whom the various projects seek to support.

The Group is fully committed to equality of opportunity and dignity at work for all, irrespective of race, religion, colour, ethnic or national origins, gender, sexuality, disability, class, educational background or age.



For a more detailed description of this subject, please view our Annual Report online at: www.playtech.com/html/annualreport2009

Responsible Gaming:

As leaders in the online gaming industry, Playtech takes its responsibilities to players, operators and regulators seriously and a major part of this is a focus on responsible gaming.

Highlights:

- > Philosophy of responsible gaming and commitment to fair play
- > Compliant with industry codes of practice and regulation
- > Software certified by leading accredited testing facilities
- > Advanced management tools:
 - Fraud, money laundering and fair play monitoring
 - Sophisticated player tracking and protection
- > Proven experience: RAY case study

Philosophy of responsible gaming

While as a software provider we are not directly in contact with players, responsible gaming remains a fundamental issue for us in safeguarding our business and reputation, and for the continued development of the industry. As a result, responsible gaming is an integral part of our mindset, and a key driving force behind all of our activities.

Playtech's fully-integrated management system provides a complete and comprehensive solution with embedded systems and controls to ensure fair play. The combination of advanced responsible gaming tools and sophisticated player tracking, across all products and platforms, gives operators the means through which to control and prevent issues such as compulsive usage and underage access of our gaming products.

The Group has contributed financially to the work of the Great Foundation, a UK charity dedicated to supporting research into problem gambling, education and training.

Certification and regulation

As a responsible supplier to the regulated gaming industry, we ensure our systems comply with all the guidelines published by the variety of well-regulated jurisdictions in which our licensees operate. We partner with regulatory and governmental bodies, and all our products undergo comprehensive testing by independent third parties.

We are an active member in the Remote Gambling Association (RGA) that has developed an industry code of practice on social responsibility and age verification, to which we adhere. As part of the certification process, our games and their software engines – including the random number generators – are regularly tested and certified by leading industry bodies to ensure consistency and fair play.



The Group holds a certificate of evaluation from the accredited testing facility TST. TST is now a part of Gaming Laboratories International (GLI), the largest independent gaming testing and certification laboratory.

Playtech also holds an official Certificate of Prior Approval from the Alderney Gambling Control Commission (AGCC). In regulated markets such as France and Italy, our software has been reviewed and passed for use by the local regulators.

Operator and player toolkit

Our transparency toolkit is an embedded part of Playtech's software and includes viewable player protection content, self-exclusion tools, compulsive gamblers' interface, a time-out mechanism and age verification tools.

- Compulsive gambling prevention
- Age verification
- Deposit limits
- Bet limits
- Session time limits
- Self-exclusion tools

We provide comprehensive training and ongoing operator support to our licensees to ensure that they are able to manage the responsible gaming tools to the best of their abilities.

Fraud, money laundering and fair play

As an integral part of the technology platform, Playtech has developed a sophisticated monitoring capability to identify and protect from fraud and money laundering. It is supported by a dedicated security team focused on ensuring the business and infrastructure is at the forefront of industry best practice.

Comprehensive monitoring of transactions and gaming behaviour also helps ensure players cannot gain an advantage through unfair means. This is a particular focus in P2P games such as poker, to minimise any risk of player collusion.



Case study: RAY

In May 2010 Playtech was awarded the contract to provide the online gaming technology for the Finnish slot machine monopoly, Raha-automaattiyhdistys ('RAY'). RAY has a 70-year history of providing land-based gaming in Finland within a highly controlled and regulated environment, incorporating a range of features to promote responsible gaming.

As the state-owned monopoly, RAY has a strong focus on social responsibility, and all profits go to health and social welfare programmes, including gaming support. Its reputation for ethical and responsible operations is very high and regularly monitored through national surveys.

RAY's key criteria for an online gaming partner were the requirements for systems which would integrate with RAY's existing gaming controls and would maintain their high standards for responsible gaming. Playtech was able to demonstrate that its platform and software development could provide RAY with the highest levels of control and functionality needed to maintain this capability, across its online and existing land-based formats.

Financial and Operational Review:

Playtech has again delivered a robust financial performance and achieved strong growth in both income and profit over the same period in 2009.

I am pleased to present Playtech's financial results for the six months ended 30 June 2010. Playtech has again delivered a robust financial performance and achieved strong growth in both income and profit over the same period in 2009.

Gross income for the period increased by 31% to €87.9 million (2009: €66.9 million), of which €15.0 million (2009: €10.3 million) related to Playtech's income from its associate, William Hill Online ('WHO'). Total revenue for the six months ended 30 June 2010 was €72.9 million, representing an increase of 29% over the €56.7 million achieved in the first half of 2009.

Of this, casino revenues totalled €49.1 million (2009: €37.6 million), an increase of 31%; and poker revenues totalled €15.8 million, (2009: €17.3 million), a decrease of 8%. Revenues from bingo are identified separately for the first time, and totalled €4.5 million (2009: €0.1 million).

Net profit for the six months amounted to €37.0 million (2009: €32.4 million), an increase of 14%. Earnings per share ('EPS') were 15.3 € cents based on the weighted average number of shares over the period (2009: 13.6 € cents) and 14.7 € cents (2009: 13.1 € cents) on a fully-diluted basis.

Net profit is calculated after charging professional costs on acquisitions and after various non-cash charges relating to historic acquisitions and investments together with the employee stock option plan.

Adjusted EBITDA, adjusted Net Profit and adjusted EPS

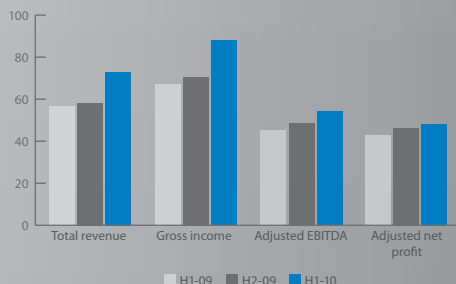
Management believes that the results, excluding certain one-off items and non-cash items, best represent the underlying trading performance of the Group for the period. Set out below is the basis upon which these are calculated and reconciled to the Group's accounts to allow for adjusted EBITDA, adjusted net profit and adjusted EPS.

Playtech continues to be a highly cash-generative business.

Shuki (Moshe) Barak



Financial highlights (in € millions)



The principal adjustments relate to the amortisation of intangibles relating to acquisitions and investments comprising: WHO (2008), Tribeca (2007), Gaming Technology Solutions Limited (GTS) (2009), Virtue Fusion Limited (2010), CY Foundation Group Limited (2007) and AsianLogic Limited (2007). In the first half of 2010, these totalled €6.4 million (2009: €2.8 million). The increase over the same period in 2009 is due to the recent acquisitions of GTS and Virtue Fusion.

In addition, charges relating to the employee share option scheme of €1.8 million (2009: €3.5 million) are excluded. The decline in this charge mainly relates to the option repricing plan approved by the Board in 2009.

Adjusted EBITDA

Adjusted EBITDA is calculated after adding the income from Playtech's associate, WHO, together with adding back expenses related to professional costs on acquisitions, and after charging various non-cash charges as detailed above.

Adjusted EBITDA for the period ended 30 June 2010 totalled €54.2 million (2009: €45.3 million), an increase of 20% over the same period in 2009. Adjusted EBITDA margin from gross income in the six-month period was 62%, compared to 68% in the first half of 2009. The decrease is due to the VF and GTS acquisitions in addition to further cost expansion.

	H1/10 €000	H1/09 €000
Operating profit	28,989	27,561
Amortisation	6,382	2,754
Depreciation	1,423	1,092
EBITDA	36,794	31,407
Share of profit in WHO	15,013	10,286
Change in fair value of available-for-sale investment in CY Foundation and AsianLogic	(231)	72
Professional expenses on acquisitions	765	–
Employee stock option expenses	1,825	3,525
Adjusted EBITDA	54,166	45,290
Adjusted EBITDA margin (out of gross income)	62%	68%

Financial and Operational Review continued

Adjusted net profit and EPS

Adjusted net profit for the six months ended 30 June 2010 totalled €48.2 million (2009: €43.0 million), an increase of 12%. The adjusted EPS for the six-month period, based on the weighted average number of shares in the period, was 19.9 € cents (2009: 18.0 € cents).

	H1/10 €000	H1/09 €000
Net profit	36,958	32,387
Amortisation of intangibles on acquisition of WH Online	4,922	5,257
Change in fair value of available-for-sale investment	(231)	72
Discounting of deferred and contingent consideration	358	202
Amortisation on acquisitions	3,564	1,597
Employee stock option expenses	1,825	3,525
Professional expenses on acquisition	765	–
Adjusted net profit	48,161	43,040
Adjusted net profit margin (out of gross income)	55%	64%
Adjusted basic EPS (in Euro cents)	19.9	18.0
Adjusted diluted EPS (in Euro cents)	19.2	17.4

Cost of operations

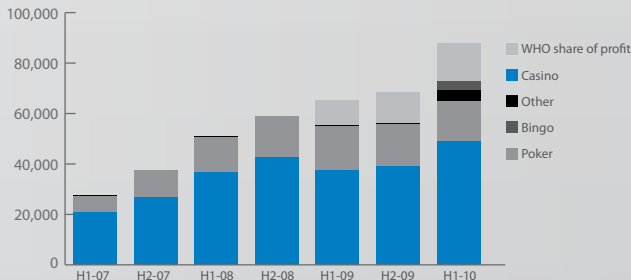
Playtech's business model is centred around the ongoing development of its technology platform and of new games and products in response to demand from its licensees, and new opportunities particularly in regulated markets. This continual development process supports revenue growth both organically from existing licensees, and through the addition of new licensees across a wide range of products and geographic markets.

While it has a very diverse licensee base, Playtech benefits from substantial economies of scale which support a significant software development capability. With a high proportion of fixed costs being principally employee-related, the revenue share model delivers substantial operational gearing.

The Group also makes strategic acquisitions, investments and joint ventures in order to further strengthen its market position and competitiveness. This results in increased administrative expense while increasing the overall scale of operations.

Adjusted operating expenses for the period ended 30 June 2010 were €33.7 million (2009: €21.6 million), representing an increase of 56% over the first half of 2009. These exclude the non-cash charges and professional costs on acquisitions, totalling €10.2 million (2009: €7.4 million), mentioned earlier.

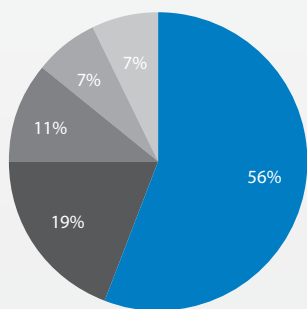
Gross income by product (in € millions)



The main increases in such operating expenses in the period relate both to employee-related costs, which represent 56% of the adjusted operating expenses (2009: 58%), and revenue-driven costs. These reflect the growth in employee numbers in the period following the VF and GTS acquisitions, together with the related costs of those transactions.

Adjusted operating expenses

	H1/10 €000	H1/09 €000
Operating expenses	43,903	29,093
Amortisation and depreciation	(7,804)	(3,847)
Change in fair value of available-for-sale investment in CY Foundation and AsianLogic	231	(72)
Professional costs on acquisitions	(765)	-
Employee stock option expenses	(1,825)	(3,525)
Adjusted Operating Expenses	33,740	21,649



Adjusted Operating Expenses: H1/10

- Employee-related costs (€18.8m)
- Revenue-driven costs (€6.4m)
- Administration and office costs (€3.8m)
- Travelling, exhibition and marketing costs (€2.4m)
- Other operational costs (€2.3m)

Financial income and tax

Cash is generally held in short-term deposits, which generated a financial income of €0.4 million in the period (2009: €0.5 million). Financial income also includes €0.2 million received as a dividend from the investment in AsianLogic Limited (2009: €nil).

The Group is tax registered, managed and controlled from the Isle of Man, where the corporate tax rate is set at zero. 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. Tax charges in 2010 totalled €0.8 million (2009: €0.4 million), resulting in a 2.0% effective tax rate (2009: 1.3%). The increase in the effective tax rate is mainly due to the GTS and VF acquisitions.

Financial and Operational Review continued

Cash flow

Playtech continues to be a highly cash-generative business, and the dividend received from WHO has further increased the cash flow of the Company. The main uses for funds were dividend payments and the consideration payable for acquisitions and investments undertaken in the period. Cash and cash equivalents as at 30 June 2010 amounted to €60 million (2009: €48.7 million), representing 16.1% (2009: 16.5%) of the Group's total assets.

In the period ended 30 June 2010, the Group generated €44.8 million from its operating activities (2009: €27.1 million). Dividend payments made on behalf of William Hill Online are presented as 'Cash generated from investing activities'.

The Group's cash usage in investing activities was €25.6 million. This comprised the acquisition of Virtue Fusion Limited assets and the investment in Sportech, netted-off by the dividend received from the investment in WHO (2009: cash generated of €6.0 million, the majority of which derived from the dividend received from the investment in WHO).

The Group's cash usage in financing activities was €18.0 million, the majority of which represented payment of the final dividend of 2009 (2009: €15.9 million).

Partnerships with Scientific Games

On 21 January 2010, Playtech formed two strategic partnerships 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:

- Sciplay, an exclusive Joint Venture focused on the B2G online gaming market, that will utilise Playtech's technology capabilities together with Scientific Games' global infrastructure and relationships. On 30 April 2010, the Group purchased 50% of the share capital of Sciplay for a consideration of €12,500.
- An exclusive agreement for Playtech's Videobet subsidiary to develop gaming terminal software for Scientific Games and its subsidiary, The Global Draw.

Investment in Sportech PLC

On 27 January 2010, the Group acquired a 9.99% stake in Sportech PLC, a leading UK pari-mutuel football gaming business and owner of the New Football Pools, for a total consideration of €11.3 million.

Acquisition of Virtue Fusion Limited

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, customer list, brand, plant and equipment, other assets and 100% of the shares of Virtue Fusion Limited and subsidiaries (Virtue Fusion CM Limited and Virtue Fusion (Alderney) Limited ('VF business')).

The Group paid an initial consideration, including working capital adjustments, of €37.7 million (£33.2 million) in cash. An additional contingent consideration of up to €8.6 million (£7.0 million) is payable in the first quarter of 2011 based on the adjusted EBIT performance of the VF business in 2010.

Balance sheet

Cash and cash equivalents as at 30 June 2010 were €60.0 million (2009: €48.7 million).

The majority of the trade receivables balance as at 30 June 2010 was due to amounts payable by licensees for the month of June 2010, as these are principally paid one month in arrears.

Intangible assets as at 30 June 2010 totalled €99.0 million (2009: €44.7 million), the majority of which comprised the customer list purchased from Tribeca; goodwill arising from the acquisitions of Tribeca, GTS and the VF business; brands purchased from Virtue Fusion Limited; patent and intellectual property rights and the development costs of products such as new slot games, Mahjong and the mobile platform. The increase in the intangible assets is mainly due to the VF business acquisition.

Available-for-sale investments totalling €12.0 million (2009: €4.8 million) comprise the investments in Sportech and AsianLogic in 2010 and investments in Foundation and AsianLogic in 2009. The investment in Foundation was sold during the first half of 2010.

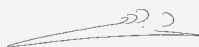
A deferred consideration of €16.2 million (net of discount of €0.2 million) as at 30 June 2010 (2009: €13.6 million, net of discount of €0.8 million) represents the present value of the remaining consideration to be paid for the investment in WHO.

A contingent consideration of €12.2 million (net of discount of €0.4 million) as at 30 June 2010 represents the present value of the contingent considerations to be paid for the investment in GTS and the acquisition of the VF business.

'Investments in equity-accounted associates' relates mainly to the investment in WHO and totalled €165.6 million (2009: €175.6 million).

Dividend

In June 2010, the Group distributed a final dividend of 9.4 € cents per share, totalling approximately €22.9 million. The Board has declared the payment of an interim dividend of 9.4 € cents per ordinary share (2009: 8.9 € cents) which is payable on 22 October 2010 to all shareholders and depositary interest holders on the register as at 24 September 2010.



Shuki (Moshe) Barak
Chief Financial Officer
26 August 2010

Unaudited Consolidated Statement of Comprehensive Income

	Note	For the six months ended 30 June 2010 €000	For the six months ended 30 June 2009 €000	For the year ended 31 December 2009 €000
Revenues		72,892	56,654	114,775
Distribution costs		(33,810)	(22,032)	(45,453)
Administrative expenses		(10,093)	(7,061)	(12,873)
Total operating costs		(43,903)	(29,093)	(58,326)
Operating profit before the following items:		37,730	33,912	68,764
Employee stock option expenses		(1,825)	(3,525)	(5,150)
Professional expenses on acquisitions		(765)	–	(360)
Amortisation of intangible assets	3	(6,382)	(2,754)	(6,406)
Change in fair value of available-for-sale investments	7	231	(72)	(399)
Total		(8,741)	(6,351)	(12,315)
Operating profit		28,989	27,561	56,449
Financing income		440	466	2,380
Financing cost – discounting consideration		(358)	(202)	(418)
Financing cost – other		(1,442)	(38)	(93)
Total financing cost		(1,800)	(240)	(511)
Income from associate		15,013	10,286	22,534
Amortisation of intangibles in associate		(4,922)	(5,257)	(10,513)
Share of profit of associate		10,091	5,029	12,021
Profit before taxation		37,720	32,816	70,339
Tax expense		(762)	(429)	(828)
Profit for the period attributable to the equity holders of the parent		36,958	32,387	69,511
Other comprehensive income/(loss) for the period:				
Adjustments for change in fair value of available-for-sale equity instrument	7	(2,414)	–	1,025
Total comprehensive income for the period attributable to the equity holders of the parent		34,544	32,387	70,536
Earnings per share (in cents)	8			
Basic		15.3	13.6	29.0
Diluted		14.7	13.1	28.0

Unaudited Consolidated Statement of Changes in Equity

	Additional paid in capital €000	Available- for-sale reserve €000	Retained earnings €000	Total €000
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				
Total comprehensive income/(loss) for the period	–	(2,414)	36,958	34,544
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
For the year ended 31 December 2009				
Balance at 1 January 2009	180,097	–	50,109	230,206
Changes in equity for the year				
Total comprehensive income for the year	–	1,025	69,511	70,536
Dividend paid	–	–	(39,562)	(39,562)
Exercise of options	3,466	–	–	3,466
Employee stock option scheme	–	–	5,270	5,270
Balance at 31 December 2009	183,563	1,025	85,328	269,916
For the six months ended 30 June 2009				
Balance at 1 January 2009	180,097	–	50,109	230,206
Changes in equity for the period				
Total comprehensive income/(loss) for the period	–	–	32,387	32,387
Dividend paid	–	–	(18,194)	(18,194)
Exercise of options	2,341	–	–	2,341
Employee stock option scheme	–	–	3,603	3,603
Balance at 30 June 2009	182,438	–	67,905	250,343

Unaudited Consolidated Balance Sheet

	Note	As of 30 June 2010 €000	As of 30 June 2009 €000	As of 31 December 2009 €000
NON-CURRENT ASSETS				
Property, plant and equipment		9,970	4,621	8,395
Intangible assets	3	98,955	44,718	65,459
Investments in equity-accounted associates	4	165,606	175,643	170,366
Available-for-sale investments	7	11,997	4,815	5,513
Other non-current assets		3,178	1,546	2,309
		289,706	231,343	252,042
CURRENT ASSETS				
Trade receivables		12,614	9,125	6,994
Other receivables		8,985	5,437	10,119
Cash and cash equivalents		59,958	48,725	58,700
		81,557	63,287	75,813
Total assets		371,263	294,630	327,855
EQUITY				
Additional paid in capital		188,486	182,438	183,563
Available-for-sale reserve		(1,389)	–	1,025
Retained earnings		101,197	67,905	85,328
Equity attributable to equity holders of the parent	9	288,294	250,343	269,916
NON-CURRENT LIABILITIES				
Other non-current liabilities		973	1,220	1,168
Deferred revenues		13,111	16,438	14,745
Deferred tax liability		2,090	–	2,231
Deferred consideration	4	–	13,580	–
Contingent consideration	5	3,920	–	6,983
		20,094	31,238	25,127
CURRENT LIABILITIES				
Trade payables		12,144	2,776	9,493
Progressive and other operators' jackpot		15,295	2,325	1,068
Tax liabilities		1,818	18	1,087
Deferred revenues		3,421	3,473	3,441
Deferred consideration		16,151	–	13,554
Contingent consideration	5,6	8,261	–	–
Other payables		5,785	4,457	4,169
		62,875	13,049	32,812
Total equity and liabilities		371,263	294,630	327,855

Unaudited Consolidated Statement of Cash Flow

	For the six months ended 30 June 2010 €000	For the six months ended 30 June 2009 €000	For the year ended 31 December 2009 €000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	37,720	32,816	70,339
Tax	(762)	(429)	(828)
Adjustments to reconcile net income to net cash provided by/ (used in) operating activities (see below)	7,874	(5,283)	1,176
Net cash provided by operating activities	44,832	27,104	70,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Long-term deposits	(101)	191	172
Long-term loan	(757)	(397)	(1,141)
Dividend received from equity-accounted associates	15,996	10,286	18,528
Acquisition of property, plant and equipment	(2,118)	(890)	(5,886)
Investment in available-for-sale investments (Note 7)	(11,332)	-	-
Proceeds from sale of available-for-sale investments	2,665	-	-
Acquisition of intangible assets	(34)	(310)	(2,309)
Acquisition of subsidiary, net of cash acquired (Note 5)	(26,136)	-	(11,310)
Capitalised development costs	(3,772)	(2,964)	(5,503)
Others	6	-	-
Net cash provided by/(used in) investing activities	(25,583)	5,916	(7,449)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(22,914)	(18,194)	(39,562)
Exercise of options	4,923	2,341	3,466
Net cash used in financing activities	(17,991)	(15,853)	(36,096)
INCREASE IN CASH AND CASH EQUIVALENTS	1,258	17,167	27,142
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	58,700	31,558	31,558
CASH AND CASH EQUIVALENTS AT END OF YEAR	59,958	48,725	58,700

Unaudited Consolidated Statement of Cash Flow

continued

	For the six months ended 30 June 2010 €000	For the six months ended 30 June 2009 €000	For the year ended 31 December 2009 €000
ADJUSTMENT TO RECONCILE NET INCOME TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES			
Income and expenses not affecting operating cash flows:			
Depreciation	1,423	1,092	2,372
Amortisation	6,382	2,754	6,406
Income from associate	(15,013)	(10,286)	(22,534)
Amortisation of intangibles in associate	4,922	5,257	10,513
Change in fair value of available-for-sale investment	(231)	72	399
Employee stock option plan expenses	1,825	3,525	5,150
Others	(12)	–	122
Changes in operating assets and liabilities:			
Decrease/(increase) in trade receivables	(2,020)	957	3,486
Decrease/(increase) in other receivables	693	(2,635)	(3,076)
Increase/(decrease) in trade payables	1,064	(2,833)	3,458
Increase/(decrease) in progressive and other operators' jackpot	5,931	896	(361)
Increase/(decrease) in other payables	4,564	(2,505)	(1,457)
Decrease in deferred revenues	(1,654)	(1,577)	(3,302)
	7,874	(5,283)	1,176

Notes to the Financial Statements

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 and land-based terminal and fixed odds games – are fully inter-compatible and can be freely incorporated as standalone applications, accessed and funded by 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 2010, and for 2009 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 2009, which were prepared under IFRS, received an unqualified audit report.

The financial information for the periods ended 30 June 2010 and 30 June 2009 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 likely to be adopted in the Group's full financial statements for the year ended 31 December 2010, which are not expected to differ significantly from those set out in Note 2 of the Group's audited financial statements for the year ended 31 December 2009, except for IFRS 3 (revised): 'Business Combinations'. 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 2010.

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.

In the current year, the Group will adopt the following standards and interpretations, issued by the International Accounting Standards Board or the IFRIC, for the first time.

IFRS 2 (Amended): 'Group Cash-settled Share-based Payment Transactions' (effective for annual periods beginning on or after 1 January 2010). This is not expected to have a material impact on the Group's consolidated results or financial position.

IFRS 3 (revised): 'Business Combinations' (effective for annual periods beginning on or after 1 July 2009). IFRS 3 (revised) includes certain very significant changes to its requirements, and to the options available in accounting for business combinations. In particular, all legal and professional fees are expensed immediately, and contingent consideration is assessed at fair value on the date of acquisition, with subsequent changes being recognised in the income statement rather than goodwill.

Amendment to IAS 27: 'Consolidated and Separate Financial Statements' (effective for annual periods beginning on or after 1 July 2009). IAS 27 was adopted at the same time as IFRS 3 (revised) and will impact on acquisitions of subsidiaries achieved in stages, and disposals of interests, with significant differences in accounting depending upon whether control or simply a change in the percentage of a controlling interest is obtained as a result of the transaction.

Notes to the Financial Statements continued

Note 2 – Significant accounting policies continued

The following relevant standards and interpretations were issued by the IASB or the IFRIC before the period end but as yet are not effective for the 2010 year end:

- IAS 24 (Revised): 'Related Party Disclosures' (effective for annual periods beginning on or after 1 January 2011).
- IFRS 9: 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2013).
- IFRS 19: 'Extinguishing Financial Liabilities with Equity Instruments' (effective for annual periods beginning on or after 1 April 2010).

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 2009.

B. Foreign currency

The financial statements of the Company and its subsidiaries are prepared in Euro (the functional currency), which best reflects the economic substance of the underlying events and circumstances relevant to the Group's transactions. Balance 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 the exchange rates applicable as of this date of recognition.
- Non-monetary items – at the rate of exchange used to convert the related Balance Sheet items at the time of transaction.

Exchange gains and losses from the aforementioned conversion are recognised in the Consolidated Statement of Comprehensive Income.

Note 3 – Intangible assets

	€000
Net book value as of 31 December 2009	65,459
Additions due to business combinations (Note 5)	36,073
Acquisition of intangible assets	3,806
Amortisation	(6,382)
Net book value as of 30 June 2010	98,955

Note 4 – Investment in equity accounted associates

	30 June		31 December
	2010 €000	2009 €000	2009 €000
Investment in equity-accounted associates comprise:			
A. Investment in William Hill Online	165,593	175,643	170,366
B. Investment in Sciplay	13	–	–
	165,606	175,643	170,366

Note 4 – Investment in equity accounted associates continued**A. Investment in William Hill Online**

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

	€000
Investment in equity-accounted associates at 1 January 2009	181,072
Adjustment to expenses	(172)
	180,900
Income from associate	10,286
Amortisation of intangibles in associate	(5,257)
Dividend	(10,286)
Investment in equity-accounted associates at 30 June 2009	175,643
Income from associate	12,248
Amortisation of intangibles in associate	(5,256)
Dividend	(12,269)
Investment in equity-accounted associates at 31 December 2009	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

The deferred consideration as of 30 June 2010 is €16.2 million (net of discount of €0.2 million) which is due for payment on 30 December 2010.

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.

'Sciplay' is an exclusive Joint Venture focused on the global B2G online gaming market that will utilise Playtech's technology capabilities together with Scientific Games' global infrastructure and experience. On 30 April 2010, the Group purchased 50% of the share capital issued for a consideration of €12,500.

Note 5 – Acquisition during the 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, customer 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 ('VF business')).

The Group paid an initial consideration, including working capital adjustments, of €37.7m (£33.2m) in cash. An additional contingent consideration of up to €8.6m (£7.0m) is payable in the first quarter of 2011 based on adjusted EBIT performance in 2010.

Notes to the Financial Statements continued

Note 5 – Acquisition during the period continued

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

	Book value prior to acquisition €000	Adjustments €000	Fair value on acquisition €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			10,310
Present value of consideration			42,286
			€000
Cash consideration			37,746
Contingent consideration			4,682
Total cash consideration			42,428
Finance cost arising on discounting of contingent consideration			(142)
Present value of consideration			42,286
Cash purchased			(11,610)
Net cash paid			30,676

The contingent consideration of €4.5 million (net of discount of €0.1 million) is dependent on profits generated by the VF business in 2010. The amount included above represents the Directors' current best estimate of the amount payable.

Adjustments to fair value include the following:

	Amount €000	Amortisation %
Customer list	18,828	12.5
IP Technology	3,035	10
Brand	3,900	10
Total intangible assets	25,763	

The main factors leading to the recognition of goodwill are the synergistic growth and revenues expected to be created by the incorporation of the VF business' highly complementary business activities, and the strengthening of the Group's position in comparison to its competitors in the market. In accordance with IAS36, the Group will regularly monitor the carrying value of its interest in the VF business.

Note 5 – Acquisition during the period continued

The key assumptions used by management to determine the value in use of the IP technology, customer relationships and brands of the VF business are as follows:

- The income approach, in particular the relief of royalty, was applied considering projected revenues derived from the business.
- The royalty rate was based on a third-party market participant assumption for use of the IP technology and brand, considering market competition, quality and absolute and relative profitability.
- The discount rate assumed is equivalent to the WACC for the brand, WACC plus 1% for the IP technology and WACC plus 2% for the customer relationships.
- The growth rates and attrition rates were based on market analysis.

Note 6 – Acquisition in prior period

On 8 December 2009, the Group acquired 100% of the shares of Gaming Technology Solutions Limited, which owns 100% of the shares of VS Technology Limited and VS Gaming Limited ('GTS Group'). The GTS Group principal activity is to provide cutting-edge software to the operators in the gaming industry, and through the GTS Enhanced Gaming Engine (EdGE) platform to provide clients with access to soft and casino games ('GTS business').

An initial consideration of €10.85 million was paid in cash and an additional contingent consideration of up to €10.8 million is payable in respect of the adjusted EBIT performance in 2010 and 2011 in the first quarters of 2011 and 2012 respectively.

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

	Book value prior to acquisition €000	Adjustments €000	Fair value on acquisition €000
Property, plant and equipment	166	–	166
Intangible assets	134	9,815	9,949
Trade receivables	398	–	398
Other receivables	214	–	214
Cash and cash equivalents	169	–	169
Trade payables	(426)	–	(426)
Tax liabilities	(103)	–	(103)
Other payable	(73)	–	(73)
Deferred tax liability	–	(2,748)	(2,748)
Net identified assets	479	7,067	7,546
Goodwill			10,883
Present value of consideration			18,429

Notes to the Financial Statements continued

Note 6 – Acquisition in prior period continued

	€000
Cash consideration	10,851
Contingent consideration	7,327
Expenses paid in cash	628
Total cash consideration	18,806
Finance cost arising on discounting of contingent consideration	(377)
Present value of consideration	18,429
Cash purchased	(169)
Net cash paid	18,260

The contingent consideration of €7.0 million (net of discount of €0.4 million) is dependent on profits generated by the GTS business over a period of two years following the date of acquisition. The amount included above represents the Directors' current best estimate of the amount payable.

Note 7 – Available-for-sale investments

	30 June		31 December	
	2010 €000	2009 €000	2009 €000	2009 €000
Available-for-sale investments comprise:				
A. Investment in Foundation Group Limited	–	2,761		3,459
B. Investment in AsianLogic	2,054	2,054		2,054
C. Investment in Sportech PLC	9,943	–		–
	11,997	4,815		5,513

	30 June		31 December	
	2010 €000	2009 €000	2009 €000	2009 €000
Change in fair value of available-for-sale investments during the year:				
A. Foundation Group Limited	(794)	(327)		(1,025)
B. AsianLogic	–	399		399
C. Sportech PLC	(1,389)	–		–

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. During the period, the Group sold all of its shares in Foundation Group Limited. Prior to the sale of shares, the carrying value declined by €794k, which has been recognised as an impairment in the Consolidated Statement of Comprehensive Income. On disposal of the shares, the available-for-sale reserve of €1,025k at 31 December 2009 has been reclassified to profit and loss, resulting in a net credit of €231k 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 2010, the Group received a dividend of €216,000 that has been reflected in the Income Statement as finance income.

Note 7 – Available-for-sale investments continued

C. On 27 January 2010, the Group acquired a 9.99% stake in Sportech PLC, a leading UK pari-mutuel football gaming business and owner of the New Football Pools, for a total consideration of €11.3 million. As at 30 June 2010, the market value of this investment was €9,943k. The decline in market value of €1,389k has been recognised in other comprehensive income in the available-for-sale reserve in equity.

Note 8 – 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:

	For the six months ended 30 June		For the year ended
	2010	2009	31 December
	In euro cents	In euro cents	2009 In euro cents
Basic	15.3	13.6	29.0
Diluted	14.7	13.1	28.0
	€000	€000	€000
Profit for the period	36,959	32,387	69,511
	Number	Number	Number
<i>Denominator – basic</i>			
Weighted average number of equity shares	241,565,633	238,752,966	239,476,501
<i>Denominator – diluted</i>			
Weighted average number of equity shares	241,565,633	238,752,966	239,476,501
Weighted average number of option shares	9,277,895	9,221,383	8,562,031
Weighted average number of shares	250,843,528	247,974,349	248,038,532

Notes to the Financial Statements continued

Note 8 – Earnings per share continued

B. Adjusted earnings per share

The adjusted earnings per share represent the profit for the period before certain significant non-cash expenses included in the Consolidated Statement of Comprehensive Income. The Directors believe that the adjusted profit represents more closely the underlying trading performance of the business.

	For the six months ended 30 June		For the year ended
	2010	2009	31 December
	In euro cents	In euro cents	2009
			In euro cents
Basic – Adjusted EPS	19.9	18.0	37.4
Diluted – Adjusted EPS	19.2	17.4	36.1
	€000	€000	€000
Profit for the period	36,958	32,387	69,511
Gains and losses on available-for-sale investments	(231)	72	399
Amortisation of acquisitions	3,564	1,597	3,282
Amortisation of intangibles in associate	4,922	5,257	10,513
Finance cost on discounting of deferred and contingent consideration	358	202	418
Employee stock option expense	1,825	3,525	5,150
Professional expenses on acquisitions	765	–	360
Adjusted profit	48,161	43,040	89,633

As at 30 June 2010, out of the entire share options outstanding, 1,966,000 (2009 – 3,205,106) are antidilutive and therefore not included in the above calculation.

Note 9 – Shareholders' equity

A. Share capital

	Number of shares		
	30 June 2010	30 June 2009	31 December 2009
Authorised	N/A(*)	N/A(*)	N/A(*)
Issued and fully paid	242,317,076	239,869,226	240,204,579

(*) 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. Share options exercised

During the period, 2,112,497 share options were exercised.

C. Distribution of dividend

In May 2010, the Company distributed €22,913,530 as final dividend to its existing shareholders for the year ended 31 December 2009.

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 2010, 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 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 2010 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
26 August 2010

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



Notes

Company Information

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Roger Withers
Non-executive Chairman
(Chair of Nominations Committee)

Executive Directors

Mor Weizer
Chief Executive Officer

Shuki (Moshe) Barak
Interim Chief Financial Officer

Non-executive Directors

Alan Jackson

Barry Gibson
(Chair of Remuneration Committee)

David Mathewson
(Chair of Audit and Risk Committees)

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