



29 June 2007

**Playtech Limited**  
**("Playtech" or "the Company" or "the Group")**

**Maiden preliminary results for the year ended 31 December 2006**

**A strong performance in challenging market conditions**

Playtech (AIM: PTEC), the designer, developer and licensor of software for the gaming industry, is pleased to announce its maiden preliminary results for the year ended 31 December 2006.

**Financial Highlights:**

- Total revenues for the year up 89% to \$90.1 million (2005: \$47.6 million)
  - Casino revenues up 81% to \$77.2 million (2005: \$42.7 million)
  - Poker revenues up 309% to \$10.9 million (2005: \$2.7 million)
- Pro forma revenues for the year, which excludes royalty contributions from the US, increased 143% to \$55.6 million (2005: \$22.8 million):
  - Casino revenues up 131% to \$47.3 million (2005: \$20.5 million)
  - Poker revenues up 386% to \$7.4 million (2005: \$1.5 million)
- Adjusted net profit\* after tax up 90% to \$67.7 million (2005: \$35.7 million)
- Adjusted basic EPS\* up 78% to 32 cents per share (2005: 18 cents per share)
- Recommended Final Dividend of 7.0 cents per share making a total of approximately 15.7 cents per share for 2006.
- Strong trading for January 2007:
  - Total royalties up 10% to \$5.9 million (December: \$5.4 million)
  - Casino royalties up 9% to \$4.8 million (December: \$4.4 million)
  - Poker royalties up 15% to \$1.0 million (December: \$0.9 million)

\* In 2006 - excluding one time founders' cash contribution and employee stock option expenses of \$7.3 million.

**Operational Highlights:**

- Acquisition of certain non-US assets of Tribeca Tables Europe Limited in November 2006, migration on track.
- Fast expansion of development capabilities to support strong product pipeline and future growth of the Group:
  - Expansion of Estonian centre
  - Establishment of development centre in Bulgaria
  - Investment in the India and Philippines centres acquired from Tribeca
- Substantial expansion into Asia – major software licensing agreement signed with China's largest corporate retail gaming network, Sino Strategic International, coupled with new products for the Asian market
- Expansion into land based gaming progressing well – licensing agreement signed with leading Mexican casino operator Entretenimiento De Mexico S.A. De C.V.

**Avigur Zmora, Chief Executive of Playtech, said:**

"We look forward into 2007 with great enthusiasm and expect it to be a year of further growth. Geographical expansion will be completed and supported by the development and improvement of our product portfolio, resulting in an increase in the number of revenue streams available to the Group. Our continuing commitment to our employees, who are the driving force behind Playtech's success, will help increase the Group's momentum and to further establish its position as the world's leading supplier of software to the international gaming industry."

- ends -

**For further information:**

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## **Chairman's Statement**

As we approach the end of our first year as a publicly traded listed company, it gives me great pleasure to present the maiden set of preliminary results for Playtech Limited. The year has been filled with considerable challenges but the Group has risen to these challenges to prove the robustness and flexibility of its business model. The figures presented today are a credit to the management team and all those who work for the Company.

The results were impacted in the fourth quarter by the Group's licensees' complete withdrawal from the United States. Notwithstanding this action, I am pleased to announce that Playtech's total revenues for the year were \$90.1 million. This represented an increase of 89% on the \$47.6 million achieved in 2005. Excluding contributions from the US, revenue for the year totalled \$55.6 million, representing an increase of 143% on the \$22.8 million in 2005. As a result of the strong performance, the Board is pleased to recommend a final dividend of 7.0 cents per share which will give a total dividend for the year of approximately 15.7 cents per share.

The passing of the US Unlawful Internet Gambling Enforcement Act 2006 was a watershed moment for the online gaming industry, forcing many gaming operators to make fundamental changes to their business models. The Group's broad international portfolio of clients, especially in Asia and Europe, meant that the impact of the prompt withdrawal by its licensees from the US market was greatly reduced.

Excellent progress has been made in developing Playtech's strategy of diversifying its business portfolio - both geographically and by product. The Company announced two important deals during the year. The acquisition of certain non-US assets of Tribeca Tables Europe Limited ('Tribeca') pursuant to the conditional agreement signed in November 2006 will transform the Group into the world's leading poker network and the landmark five-year software licensing agreement with Chinese based Sino Strategic International ('SSI') in December 2006, gives Playtech invaluable access to the huge Chinese gaming market. Playtech's subsidiary Videobet also announced a long-term licensing contract to supply the Mexican land based gaming market through Mexican casino operator, Entretenimiento De Mexico S.A. De C.V. ('Emex') in January 2007.

The Group is also increasing the number of platforms through which its software can be delivered and both mobile phone gaming and Server Based Gaming (SBG) terminal products were added to its portfolio during the year. In terms of software product development, Pachinko and Mahjong were added to cater for the Asian market and a significant number of new gaming products are expected to be launched during 2007.

Playtech's total commitment to the constant development of new products and solutions for the dynamic gaming industry is of central importance to today's leading operators. The quality of Playtech's products and the professional way in which it conducts its business was further demonstrated by the signing of a new four year software licensing agreement with PartyGaming plc at the beginning of this year.

It is the Board's firm view that there remains great potential for growth in the international gaming market and this sentiment is clearly reflected in Playtech's continued commitment to expanding its employee base. Playtech has increased the numbers employed at its main software development and support base in Estonia has opened a new development centre in Bulgaria and is developing the newly acquired Tribeca operations in India and the Philippines. This will bring the Group's total headcount to just under 450 employees.

In summary, the Board is very pleased with how Playtech has responded to the challenges and opportunities that it has been presented with over the past year. The Board looks forward to announcing further progress in newly entered growth markets, and other areas, over the following year. The development of multi distribution channels will also help the Group access more

traditional gaming sectors, such as land based operators, in addition to offering considerable cross selling opportunities.

In summary, progress made during 2006 is very encouraging and trading in January this year is up 10% on December 2006. As a result, the Board looks forward to the coming year with both eagerness and confidence.

**Roger Withers**  
**Chairman**

## **Chief Executive Officer's Statement**

I take great pleasure in delivering Playtech's first set of annual results since the Company floated on the London Stock Exchange Alternative Investment Market in March 2006. It has been a year of both significant progress and change but overall I feel that this year has shown Playtech to be both a strong and adaptable Company with an outstanding business model.

2006 was a critical year for Playtech and the passing of the US Unlawful Internet Gambling Enforcement Act 2006 materially changed the landscape of the industry. Whilst it forced many gaming operators to radically change their business model to survive in the new international environment, it highlighted the great strength of Playtech as a software provider to the wider gaming industry and clearly vindicated the Board's strategic decision made over three years ago to concentrate on geographical diversification. The Board's prompt reaction to the changing US legal landscape has clearly illustrated Playtech's ability to react quickly and effectively to changes in our dynamic industry. Playtech will continue to strengthen its portfolio through a highly active new product pipeline throughout 2007 coupled with a move into more international locations.

## **Review of Operations**

During last year Playtech's casino business grew by 81% (131% ex-US) and our poker business by 309% (386% ex-US). Stripping out US players, in 2006, 34% of Playtech's player base came from Asia-Pacific and 52% from Europe, representing year on year growth rates of 102% and 178% respectively.

While the casino and poker streams of business remain our main revenue generator, Playtech continues to be committed to the development of its product portfolio. Mobile gaming and Server Based Gaming (SBG) terminals were added to the Company's delivery platforms whilst Pachinko and initial versions of Mahjong were added to its games portfolio.

The mobile product that is already running on Playtech's online platforms, offers players access to Playtech's popular casino platform through their mobile phones and we expect that this will be a particularly successful cross selling opportunity for our existing licensees that already run Playtech's online platforms.

Although online gaming has been enjoying extraordinary growth over the past few years, the more established land-based operators still hold approximately 95% of total global gaming activity. Playtech is well positioned to penetrate the SBG market as terminals become of growing importance to land-based operators. While traditional terminal suppliers will need to make significant investment to adapt to this new demand, Playtech has applied the technology used in its award winning online products to the SBG market and is now considered to be one of the market leaders in this arena.

All Playtech products are designed to allow the best cross selling opportunities in the market. Cross selling between land-based, online and mobile is easily done utilising a single account offering and a unified back office system. We expect it to be the main selling point of Playtech and Videobet products in the future. Such cross selling capabilities will result in better revenues for both Playtech and its licensees.

## **Contract Wins and Strategic Goals**

During the final quarter of 2006, Playtech announced two very significant agreements, the first of which was the acquisition of certain non-US assets of Tribeca Tables Europe Limited ('Tribeca'), announced in November 2006 and the second was a landmark five-year software licensing agreement with Chinese based Sino Strategic International ('SSI') announced in December 2006.

The migration of the Tribeca poker network onto the Playtech platform is expected to create the world's largest shared liquidity pool in poker gaming and will, therefore, provide outstanding growth opportunities for the Group and its licensees. We expect the full completion of this deal, including the full integration of Tribeca's highly skilled staff based in the Philippines and India, by the end of March 2007. From this date the acquisition is expected to be earnings enhancing and is in line with our strategy to be the leading software provider of all the products that we offer.

The Board is excited by the prospects for the Asian gaming market and is, therefore, fully committed to the development of its Asian games portfolio. Playtech's license agreement with SSI will deliver its Peer to Peer (P2P) games to approximately 600 SSI gaming outlets throughout China. This is a significant deal for Playtech and provides the Company with an important gateway into a huge developing market. Coupled with our long-term focus to provide the right products to the Asian market, this agreement also further diversifies the Group's geographical reach.

On 2 January 2007, Playtech announced a new long-term software licensing agreement with PartyGaming plc ('PartyGaming'). Under the terms of the four-year agreement, Playtech will license its software to several PartyGaming branded websites on an exclusive basis. The Board sees this as a great opportunity to work with the leading online gaming company and is a real endorsement of the Playtech product. We believe that Playtech's software will compliment PartyGaming's existing products whilst providing an additional route to further revenue enhancement. We look forward to a long and successful partnership with PartyGaming.

On 23 January 2007, Playtech's wholly owned subsidiary, Videobet entered into a long-term licensing contract with leading Mexican casino operator, Entretenimiento De Mexico, S.A. De C.V. ('EMex'). Under the terms of the three-year contract, EMex will add the Videobet server based gaming product to its existing and future gaming estates. This deal is the first significant step for Playtech's land-based offering, and is consistent with the Company's strategy to leverage its expertise into the lucrative land-based market.

### **Site Development and Expansion**

Playtech is fully committed to the development and delivery of market leading software products to the international gaming sector. In order to achieve this, the Company is continually strengthening its development capabilities and as a result improving delivery time to market. In addition to the development centre in Estonia, which is the centre for casino, poker and SBG products, Playtech has opened a new development centre in Bulgaria that will be primarily focused on the Company's bingo products.

The agreement with Tribeca provides Playtech with an opportunity to develop Tribeca's centres in India and the Philippines. This will not only offer the clear geographic advantage of delivery into the fast growing Asian markets but will also help in the production and development of Asia specific gaming products that are increasingly being demanded by our licensees. We extend a warm welcome to our new employees and look forward to working with them to supply the Asian market with the best and most relevant products.

A review of the successes achieved this year would not be complete without mentioning the outstanding contribution made by our employees. Playtech's reputation is built on the quality of its people and while the sector as a whole was forced to reduce manpower due to changes in the US landscape, Playtech continued to expand its workforce. This has allowed the Company to maintain the flexibility for which it has become renowned for and to meet with licensee requirements, product development and client production. We passionately believe in investing in our people and this commitment will ensure our growth throughout 2007.

On behalf of the Board, I would like to extend my thanks to all our employees for their tremendous efforts throughout 2006 and look forward to making 2007 an even better year for Playtech.

### **Current Trading and Outlook**

The 2007 year has started strongly, with January royalties up 10% to \$5.9 million on the previous month. Of this, casino royalties are up 9% to \$4.8 million and poker royalties are up 15% to \$1.0 million.

In the first half of 2007, Playtech is on track to launch a number of P2P games exclusively for the Asian market, including Cho Dai Di and Do Di Dzho. These will be added to our existing suite of poker games and will help the Group further build its presence in Asia.

With Playtech increasing the ways in which it can deliver its gaming software, through, for example mobile phones and terminals, further growth can be expected through the cross selling opportunities that this presents.

We have quickly established a market leading position in the SBG market, the technology of which is based on Playtech's outstanding online gaming software. All evidence points towards the fact that SBG will play an increasingly important role in the international gaming market and Playtech is in an ideal position to take advantage of the growth opportunities that this offers. The deal with EMex illustrates this well and other similar deals will no doubt follow this year.

Playtech is also developing its centre in Bulgaria as a dedicated resource for the development of its exiting Bingo product. Previously, this game did not represent an important part of Playtech's gaming portfolio but our research suggests that an improved Bingo product, coupled with the right level of support will create a revenue stream that is much more meaningful to the Group.

We look forward into 2007 with great enthusiasm and expect it to be a year of further growth, both geographically and through new product development. Our continuing commitment to our employees, who are the driving force behind Playtech's success, will help increase the Group's momentum and further establish its position as the world's leading supplier of software to the international gaming industry.

**Avigur Zmora**  
**Chief Executive Officer**

## **Financial Review**

Playtech is pleased to announce the financial results for the year ended 31 December 2006, our maiden set of preliminary results as a publicly quoted company. Given the challenges faced by the Group, Playtech has registered an extremely robust performance. This was despite the results in the final quarter of the year being affected by the complete and immediate withdrawal from the United States following the passing of the US Unlawful Internet Gambling Enforcement Act 2006.

Total revenues for the year were \$90.1 million which represented an increase of 89% on the \$47.6 million achieved in 2005. Casino revenues for the year totalled \$77.2 million, an increase of 81% from \$42.7 million in 2005. Poker revenues for the year totalled \$10.9 million, an increase of 309% from the \$2.7 million in 2005.

On a pro forma basis, which excludes contributions from the US, revenues for the year totalled \$55.6 million, representing an increase of 143% on the \$22.8 million in 2005. On the same basis, casino revenues for the year totalled \$47.3 million, an increase of 131% from the \$20.5 million in 2005. Poker revenues for the year totalled \$7.4 million, an increase of 386% from the \$1.5 million in 2005.

The last quarter of 2006, which is traditionally a strong quarter, was materially affected by the complete and immediate withdrawal from the United States. Total revenue were \$17.4 million which represented an increased of 13% on the \$15.3 million in the last quarter of 2005. Casino revenues for Q4 2006 totalled \$14.3 million, an increase of 5% from \$13.5 million in Q4 2005. Poker revenues for the year totalled \$2.7 million, an increase of 116% from the \$1.2 million in Q4 2005.

Excluding contributions from the US, revenue for Q4 2006 totalled \$16.3 million, representing an increase of 110% on the \$7.8 million in Q4 2005. On the same basis, casino revenues for Q4 2006 totalled \$13.4 million, an increase of 98% from the \$6.8 million in Q4 2005. Poker revenues for Q4 2006 totalled \$2.6 million, an increased of 239% from the \$0.8 million in Q4 2005.

Net profit after tax for 2006 was \$60.4 million, an increase of 69% over 2005. Adjusted net profit\* after tax, for 2006 was \$67.7 million, an increase of 90% over 2005. The adjusted EPS\* for the year, based on weighted average shares outstanding of 210,168,682, is 32 cents per share compared to the prior year which was 18 cents per share. Fully diluted EPS\* for 2006 was 31 cents per share compared to 18 cents per share in 2005.

The Group's operating profit margin was influenced by the provision of a one-time cash contribution from the founders of the Company to Playtech's employees in the first half of the year, amounting to \$6.6 million and employee stock option expenses amounting to \$0.7 million. The provision for this was accounted for in accordance with generally accepted accounting principles and did not have any cash impact on the Company. In addition, the operating profit was influenced by the reduction in revenue contribution from our licensees' US players in the fourth quarter of 2006. Excluding cash contribution and employee stock option expenses, the operating profit margin decreased to 72% from 75% in 2005.

\*In 2006 - excluding one time founders cash contribution and employee stock option expenses of \$7.3 million.

## **Cost of Operations**

As Playtech's business has grown, the Group has significantly increased its number of employees, which included further hiring by our Estonian and Israeli operations and the formation of a new R&D subsidiary in Bulgaria. Furthermore, we have incurred additional cost associated with becoming a publicly traded company. As a result, cost of operations during 2006, excluding

the founders' cash contribution and employee stock option expenses, increased by 112% to \$25.6 million compared to \$12.1 million in 2005.

Given the Board's expectation about the Company's prospects in 2007, the withdrawal of Playtech's licensees from all their US facing activity had little or no impact on costs nor did it require any restructuring of the cost base.

Operating activity is mainly conducted in Estonia through two of our subsidiaries. Operating expenses were \$9.1 million, representing an increase of 94% over 2005, although, operating costs remained at the same percentage of revenue as 2005.

Sales and Marketing expenses were \$8.8 million, representing an increase of 62% on 2005. This was mainly as a result of salary increases attributable to the recruitment of sales staff, an increase in reseller fees that are paid as a percentage of revenue and an increase in the number of trade shows attended during the year.

Development costs increased by 46% on the previous year to \$1.5 million. These costs are associated with investment into the improvement of existing products. The cost of new products are capitalised and amortised as part of the operating expenses when they are launched.

General and administrative expenses, before the founders' one time cash contribution to employees, were \$6.3 million, an increase of 568% over 2005.

In line with generally accepted accounting principles, the founders' one time cash contribution to employees of \$6.6 million is included as a one-time expense under General and Administrative expenses. Due to the fact that this contribution is fully payable by the founders' trust directly to employees, there is no cash impact on the Group. Employee stock option expenses in 2006 amounted to \$0.7 million.

### **Financial Income and Taxation**

Cash is generally held in short-term US dollar deposit. Such deposits have generated in 2006 a financial income of \$3.6 million.

Only the Bulgarian and Israeli subsidiaries have a taxable income, which is charged on a cost plus basis. Following an agreement signed with the Israeli Tax Authorities during 2006, the Israeli subsidiary paid \$0.2 million in back taxes.

### **Dividend**

The Board has recommended a final dividend of 7.0 cents per share. Once approved and paid, this will give an aggregate dividend for the 2006 year of approximately \$33.5 million or approximately 15.7 cents per share.

During 2006 the Company paid dividends to the amount of \$39.5 million, of which \$21 million was paid prior to the admission onto the Alternative Investment Market as a final dividend for 2005. \$18.5 million was paid as an interim dividend in October 2006.

### **Balance Sheet**

Cash and cash equivalents as at 31 December 2006 amount to \$101.4 million, representing 87% of the balance sheet (2005: 72%)

The trade receivables balance as at 31 December 2006 represents mainly amounts due by licensees for the month of December 2006.

Intangible assets mainly consist of patent and intellectual property rights and development costs of new products such as the Poker platform, mobile platform, and the Videobet product. The development of Mahjong and other Asian games is also included under this section.

### **Cash Flow**

The Group generated cash of \$72.6 million of cash in 2006 from operating activities (2005: \$35.2 million).

The Group cash usage in investing activities was \$6.5 million (2005: \$1.0 million), which was mainly accounted for capitalised development costs capitalised relating to the Videobet, mobile and Mahjong products and the acquisition of fixed assets.

The Group's financing activities generated \$17.2 million from net IPO proceeds of \$56.2 million, less the dividend payment to shareholders of \$39.5 million. In 2005 the usage amounted to \$27.5 million that mainly related to the repayment of shareholders' loans and dividend payment.

### **Acquisition**

In November 2006 Playtech signed an agreement to acquire certain non-US assets and undertakings of Tribeca Tables Europe Limited ('Tribeca'). The consideration for this acquisition is calculated according to a formula based on Playtech's earnings from the acquired assets. For example if the annualised revenue generated from this acquisition, over the measurement period is \$16.0 million, the consideration to be paid to Tribeca will be approximately \$75.0 million. The final consideration will be adjusted upon Playtech's realised revenues. The maximum consideration that the Company will be liable to pay is \$139.0 million, which will be paid in the event that the annualised revenue generated from the acquisition, over the measurement period, exceeds \$29 million. The consideration is not subject to any minimum amount. The Tribeca assets acquisition will be accounted for in the financial statements of 2007.

**Shuki Barak**  
**Chief Financial Officer**

## CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December,	
	2006	2005
	US\$000 (Unaudited)	US\$000 (Audited)
Revenues	90,078	47,596
Operating expenses	(9,247)	(4,676)
Sales & marketing expenses	(8,941)	(5,421)
Development costs	(1,567)	(1,021)
General & administrative expenses	(13,101)	(936)
	<u>(32,856)</u>	<u>(12,054)</u>
Operating profit before charges related to founders' cash contributions to employees and employee stock option expenses	64,491	35,564
Charge related to founders' cash contributions to employees	(6,566)	-
Employee stock option expense	(703)	(22)
Total benefit charges	<u>(7,269)</u>	<u>(22)</u>
Operating profit	57,222	35,542
Financing income	3,638	295
Financing cost	(101)	(146)
Profit before taxation	<u>60,759</u>	<u>35,691</u>
Tax expenses	<u>(345)</u>	<u>(22)</u>
<b>Profit for the year attributable to the equity holders of the parent</b>	<b><u>60,414</u></b>	<b><u>35,669</u></b>
<b>Earnings per share (in Cents)</b>		
Basic	29	18
Diluted	28	18

## CONSOLIDATED BALANCE SHEET

	As of 31 December,	
	2006	2005
	US\$000	US\$000
	(Unaudited)	(Audited)
<b>NON-CURRENT ASSETS</b>		
Intangible assets	4,355	1,388
Property, plant and equipment	3,015	934
Other non-current assets	127	60
	<u>7,497</u>	<u>2,382</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	101,403	17,995
Trade receivables	6,257	4,189
Other accounts receivables	1,280	337
	<u>108,940</u>	<u>22,521</u>
<b>TOTAL ASSETS</b>	<b><u>116,437</u></b>	<b><u>24,903</u></b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	-	10
Additional paid in capital	56,370	100
Employee stock option reserve	725	22
Retained earnings	47,731	19,587
Equity attributable to equity holders of the parent	<u>104,826</u>	<u>19,719</u>
<b>NON-CURRENT LIABILITIES</b>		
Other non-current liabilities	<u>46</u>	<u>82</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	7,394	2,987
Related parties	1,091	918
Other accounts payables	3,080	1,197
	<u>11,565</u>	<u>5,102</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>116,437</u></b>	<b><u>24,903</u></b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Additional Paid in Capital	Employee stock options reserve	Retained earnings	Total
	US\$000	US\$000	US\$000	US\$000	US\$000
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Balance at 1 January 2005	10	100	-	25,583	25,693
<b>Changes in equity for the period</b>					
Profit for the year	-	-	-	35,669	35,669
<b>Total recognized income and expense for the period</b>	-	-	-	35,669	35,669
Dividend paid	-	-	-	(41,000)	(41,000)
Share issue costs	-	-	-	(665)	(665)
Employee stock option scheme	-	-	22	-	22
Balance at 1 January 2006	10	100	22	19,587	19,719
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Changes in equity for the period</b>					
Profit for the year	-	-	-	60,414	60,414
<b>Total recognized income and expense for the period</b>	-	-	-	60,414	60,414
Dividend paid	-	-	-	(39,500)	(39,500)
Initial Public Offering proceeds	-	59,862	-	-	59,862
Share issue costs	-	(4,335)	-	664	(3,671)
Cancellation of issued shares	(10)	10	-	-	-
Founders' cash contribution to employees	-	-	-	6,566	6,566
Exercise of options	-	733	-	-	733
Employee stock option scheme	-	-	703	-	703
Balance at 31 December 2006	-	56,370	725	47,731	104,826
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December,	
	2006	2005
	US\$000 (Unaudited)	US\$000 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	60,759	35,696
Tax	(345)	(22)
Net cash provided by (used in) operating activities (see below)	12,213	(436)
Net cash provided by operating activities	72,627	35,238
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loss from disposal of investment	-	(5)
Cash acquired with subsidiary	-	51
Long term deposits	(135)	-
Acquisition of fixed assets	(2,747)	(696)
Acquisition of intangible assets	(1,738)	(12)
Capitalized development costs	(1,835)	(356)
Net cash used in investing activities	(6,455)	(1,018)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan to shareholders	-	(15,087)
Related parties and shareholders	(205)	1,094
Dividends paid	(39,500)	(12,890)
Initial Public Offering proceeds	59,862	-
Exercise of options	733	-
Share issue costs	(3,671)	(665)
Others	17	25
Net cash provided by (used in) financing activities	17,236	(27,523)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	83,408	6,697
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	17,995	11,298
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	101,403	17,995
<b>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<u>Income and expenses not affecting operating cash flows:</u>		
Depreciation	666	313
Amortization	606	122
Founders' cash contribution to employees	6,566	-
Employee stock option plan expenses	703	22
Others	18	7
<u>Changes in operating assets and liabilities:</u>		
Increase in trade receivables	(2,068)	(2,341)
Decrease in related parties	377	7
Increase in other receivables	(943)	(173)
Increase in trade payables	4,408	1,287
Increase in other payables	1,880	320
	12,213	(436)

### NON CASH TRANSACTIONS

In 2005 a loan to shareholders of 27,905 was cleared by a dividend

## 1. Basis of preparation

The preliminary results do not constitute statutory accounts. The financial information for the year ended 31 December 2006 is extracted from the Group's unaudited financial statements to that date. The financial information for the year ended 31 December 2005 is extracted from the Group's statutory financial statements to that date, which received an unqualified audit report.

## 2 . Accounting policies

The preliminary results of Playtech Limited and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs). These preliminary results have been prepared on the basis of accounting policies followed in the preparation of the Group's annual financial statements for the year ended 31 December 2005.

## 3. 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 are as follows:

	<b>For the year ended 31 December,</b>	
	<b>2006</b>	<b>2005</b>
	<b>In cents</b>	<b>In cents</b>
Basic	29	18
Diluted	28	18
	<b>US\$000</b>	<b>US\$000</b>
Profit for the year	60,414	35,669
	<b>Number</b>	<b>Number</b>
<i>Denominator – basic</i>		
Weighted average number of equity shares	210,168,682	200,000,000
<i>Denominator – Diluted</i>		
Weighted average number of equity shares	210,168,682	200,000,000
Weighted average number of option shares	7,962,839	510,542
Weighted average number of shares	218,131,521	200,510,542

#### 4. Founders cash contribution to employees

In June 2006, following the IPO, the founders of the Company have allocated \$6,566,000, of their own personal funds, into a trust fund to the benefit of the Company's employees. Earnings per share before founders cash contribution to employees (in Cents):

	<u>For the year ended</u> <u>31 December</u> <u>2006</u> <u>In cents</u>	<u>For the year ended</u> <u>31 December</u> <u>2005</u> <u>In cents</u>
Basic – adjusted	32	18
Diluted – adjusted	31	18
	<u>US\$000</u>	<u>US\$000</u>
Profit for the year	60,414	35,669
Charges related to founders cash contribution	6,566	-
Profit for the period before founders cash contribution to employees	<u>66,980</u>	<u>35,669</u>
<i>Denominator - basic</i>		
Weighted average number of equity shares	<u>210,168,682</u>	<u>200,000,000</u>
	<u>Number</u>	<u>Number</u>
<i>Denominator - diluted</i>		
Weighted average number of equity shares	210,168,682	200,000,000
Weighted average number of option shares	7,962,839	510,542
Weighted average number of shares	<u>218,131,521</u>	<u>200,510,542</u>

#### 5. Capital commitment

On 13 November 2006, the Company signed a non US asset purchase agreement with Tribeca Tables Europe Limited ("Tribeca"), a software designer that provides a poker network solution to a number of the world's most respected online poker operators. According to the agreement, the entire Tribeca network will cease its operations in six months from the date of the agreement, by which time the migration of the online poker operators to Playtech's platform is planned to be complete. The consideration for the acquisition is calculated according to a formula based on the future earnings from the acquired assets. The final consideration will be adjusted upon Playtech's realized revenues. The maximum consideration that the Company will be liable to pay is \$139 million, which will be paid in the event that the annualized revenue generated from this acquisition, over the measurement period, exceeds \$29 million. The Company will pay the consideration in cash in four installments. The first is payable upon satisfaction of specific conditions. The second, third and fourth payments are to be made on the 9th, 18th and 24th month intervals, after the date of the agreement, respectively. As of the date of this report the conditions have not yet been satisfied and the Company has not accounted for this acquisition in the year ended 31 December 2006.