



24 August 2006

Playtech Ltd

Interim Results for the Six Months Ended June 30 2006

Financial Highlights

- Revenues up by 139% to \$46.2 million (2005 - \$19.3 million)
 - Casino revenues up by 129% to \$40.4 million (2005 – \$17.6 million)
 - Poker revenues up by 851% to \$4.8 million (2005 – \$0.5 million)
- Adjusted net profit* up by 172% to \$37.3 million (2005 – \$13.7 million) resulting in a margin of 81% compared to 71% last year
- Adjusted basic EPS* up by 157% to 18 cents (2005 – 7 cents)
- Interim dividend of \$18.5 million equating to 8.7 cents per share to be paid on 6 October 2006, representing approximately 50% of the adjusted net profit*

Operational Highlights

- Seven new licensees added so far this year - three through migration of active game sites with the majority accommodating Asian and European players
- New products developed and launched
 - Mobile offering – providing Casino gaming through mobile phones
 - Videobet – providing access to the land and server based gaming terminals
- Initiating new Asian focused games and product development, including Mahjong.
- Long-term recruitment initiative underway - Playtech Academy in Estonia and new development centre in Bulgaria

Avigur Zmora, Chief Executive, commented:

“Playtech is ideally placed to take full advantage of the growth being enjoyed by global gambling markets. Geographical diversification through the addition of quality licensees, coupled with our new product pipeline, will allow us to offer an enhanced and more complete solution to our licensees and their customers. As a result of our various initiatives, the global markets, in which we hold strong positions and the continued growth being enjoyed by the online gaming market worldwide, I look forward to the second half of the year with confidence.”

*excluding founders cash contribution and employee stock option expenses of \$6.8 million

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Chairman's Statement

It gives me pleasure to present the first set of financial results for Playtech since its shares were admitted to AIM by way of an Initial Public Offering in March this year.

In the six months under review the Group has made outstanding progress in all key areas of performance. I am pleased to report that the business has grown significantly in terms of revenues generated from existing licensees and, importantly, in terms of winning new high quality clients. In the period, seven new licensees have been added to the portfolio - bringing the total to 42 operators. Between them, our clients operate 137 gaming sites, making Playtech one of the world's leading software providers to the gaming industry.

The out-performance of the operations has translated into strong financial results. In the period, the Group improved revenues by 139% and adjusted net profit increased by 172%. As a result the Board is pleased to declare its maiden dividend as a listed company – an interim payment of 8.7 cents a share. Adjusted basic earnings per share* amounted to 18 cents per share, a 157 % rise, which is a creditable achievement from a growing company.

The international online gaming market continues to grow strongly for Playtech. Recent legal issues in the US have caused concern amongst investors in the online gaming sector, however, as Playtech is not an operator, does not supply Sportsbook software. We believe that the Group remains in an extremely strong position.

Playtech is committed to diversifying its business portfolio, in terms of both geography and product, and I am pleased to report that progress has been made in both of these areas. The percentage of total revenues derived from the US have decreased, whilst the contribution from Europe and the exciting Asian markets have increased. The Group launched two new products last month. Its mobile product offers players access to Playtech's popular Casino platform through their mobile phones, whilst the Videobet product provides access to the land based gaming terminal market, an entirely new market segment for the Group that utilises the leading expertise that Playtech has gained through the development of its other online gaming software products.

The Group also has a number of products under development due to be released in the second half of the year. Mahjong will provide this hugely popular game to the Asian market and its live gaming offering is also being enhanced to further support the Asian market in which this type of gaming is favoured.

In a show of particular generosity the founding shareholders of Playtech have offered the employees of the Group a cash contribution of \$6.6m from their IPO proceeds payable through a designated trust, as an expression of their appreciation for the hard work and commitment shown to date. For this the members of the Board would like to extend their thanks. I would also like to add my thanks to all our employees and to my fellow directors for the significant contribution they have made to our success.

In summary, the Board is very excited about the prospects for the second half of the year. Growth in the international online gaming market continues apace and the Group is building its position in its traditional markets whilst expanding into growth markets such as Asia. Product development remains at the forefront of Playtech's strategy which will enable the Group to continue supplying operators with market leading products and new solutions. As a result we look forward to a prosperous and successful future.

*excluding founders cash contribution and employee stock option expenses of \$6.8 million

Chief Executive's Report

I am delighted to report a very successful first half of 2006, our first as a publicly quoted Company. Despite the demands that successfully completing the IPO has placed on the management's time in this period, we still managed to reinforce Playtech's position as one of the world's leading software providers to the gaming sector.

The Company has managed to build on its already high historic growth rates during this period, achieving a 139% increase in revenues compared to the same period last year and an 172% increase in adjusted net profit*. The poker product now accounts for over 10% of the Company's top line and is expected to increase this contribution into the future.

The Board's focus in the first half of the year was to maintain our high growth rates and this has paid off with the Company registering the fastest growth in its short history. We would not have been able to achieve this had it not been for the outstanding efforts of our employees and for this I extend the sincerest thanks of the Board. As a public company we are now able to offer a share incentive scheme that rewards such loyalty and this will help us recruit and retain the quality of staff for which Playtech has become known.

One of the main reasons for becoming a public company was to create new and exciting business opportunities for Playtech and I am pleased to say that our aim in this respect has been achieved. We are taking part in much larger business development opportunities and achieving a higher level of sales than we ever had before.

Since the Company was established, at the end of 1999, it has been evolving its strategy to adapt to the changes and dynamic growth within the online gaming market. Our first transition period involved geographical diversification in order to reduce exposure to any one particular market whilst taking advantage of emerging high growth markets such as Asia, and positive changes have been made in this regard.

We are currently in the middle of our second transition period which is focused on diversifying the Company's product portfolio by leveraging the success of the casino software offering in order to become a major multi product supplier. We are investing considerable efforts into new product development and have launched two new products last month – namely Mobile gaming and Videobet, our server based gaming terminals product.

*excluding founders cash contribution and employee stock option expenses of \$6.8 million

Strategy

Our goal is to be the leading software solution company to the international online gaming market. In order to achieve this, the Board has set out the following aims:

1. To continually develop market leading solutions for our licensees which enable them to increase their revenues
2. To supply a global software solution that is tailored for specific markets
3. To enhance cross selling opportunities using the unified system philosophy
4. To continue worldwide expansion

Recruitment Programme

At the heart of any successful software company lies quality employees. In order to ensure that we attract the highest caliber employees we are undertaking an extensive recruitment program aimed at enlarging the Company's research, development and production capabilities. We have established Playtech Academy, our own computer science academy based in Tartu, Estonia, where 40 graduates are already studying and receiving a world class, tailored IT education. The first intake will graduate by the end of September 2006, which will provide a significant number of new programmers trained to the exact needs of Playtech. In addition we have established a new development centre in Bulgaria which is in the process of recruiting its first 20 employees, all of which are IT specialists.

Our recruitment program is central to our strategy of increasing the number of licensees and for the introduction and support of new products. Growing our base in Estonia and expanding into Bulgaria will allow us to keep control of our low development and production costs whilst increasing our revenue potential.

Licensees

The Board is continuously looking at ways to diversify its licensee portfolio by adding quality international customers. So far this year seven new licensees have been added, three of which migrated their active game sites and the majority of which accommodate Asian and European players. This goes a long way to achieving the Board's goal of adding between 10 to 12 new licensees for the year.

Choosing the right partner licensee is very important to Playtech as client operators carry with them the reputation of Playtech into the wider market. It is, therefore, of the utmost importance that the Board is confident that a new licensee has the potential to attract a substantial level of players.

Being a public company provides a level of security and transparency required by some of our prospective licensees. As a result, we have a good business pipeline which helps the Board look forward with confidence.

Products

A key part of the Playtech development philosophy is to supply licensees with a unified system that ensures cross selling and revenue maximization. We are in the process of adding new products to our traditional Casino, Poker and Bingo offerings. During the first half of the year we have completed our Mobile offering as an integrated part of our online Casino offering. Mobile can, therefore, be used as a stand alone platform or be utilized through cross selling opportunities directly from the online Casino, Poker and Bingo products. In addition, we have launched our Videobet product which provides software to land based, server based gaming terminals. This takes Playtech into a whole new land based market with software that is based on our market leading online expertise.

Our new game developments are mainly focused on the Asian and South American markets, providing players from these areas with the traditional games that they have grown up with. This approach is much more effective than trying to convert these conservative gaming markets to Western games that players are unfamiliar with. For the Asian market we are close to launching versions of Mahjong. The Mahjong development process will be divided into stages and will continue into 2007. In addition, we are enhancing our live gaming experience in order to better support our Asian licensees and increase our Casino game portfolio.

Option Plan and Founders' Cash Contribution to Employees

As has been previously stated, the quality of employees is the core of Playtech's success and it is important that the knowledge base built up within the Company is maintained and grown. Now that we are a public company we are able to offer our employees an option plan that will allow them to share in Playtech's future success.

In addition the founders of the Company who sold shares during the IPO have offered a one-time cash contribution to show their appreciation for the hard work and outstanding achievements

shown by the Company's employees. The total amount of the cash contribution was \$6.6 million to be distributed amongst employees. The Board approved this gesture and thanks the founders for their initiative. While International Accounting Standards dictate that such a cash contribution be registered as an expense in our income statement, it will have no impact on the cash flow of the Company due to the fact that the entire sum is contributed directly by the founders for the benefit of Playtech's employees.

Dividends

Given Playtech's highly cash generative nature we are pleased to announce an interim dividend payment of 8.7 cents per share. As has been previously stated it is the Board's ongoing policy to distribute 50% of net profit every year to shareholders via the dividend.

Outlook and Current Trading

Playtech is ideally placed to take full advantage of the growth being enjoyed by global gambling markets. Geographical diversification through the addition of quality licensees coupled with our new product pipeline will allow us to offer an enhanced and more complete solution to our licensees and their customers. This is all designed to increase the licensees revenues and through the royalty model, Playtech's revenues. As a result of our various initiatives, the strong positions that we hold in global markets and the continued growth being enjoyed by online gaming worldwide, I am looking forward to the second half of the year with confidence.

Financial Review

Playtech concluded the first half of the year with a very strong set of results. The Group experienced revenue growth in respect of all of its product areas and its tight control over costs resulted in an encouraging increase in the margins. A positive cash flow from operations, together with the cash proceeds from the IPO, placed Playtech in a very healthy position.

The following is a summary of the key elements of the financial results. It should be noted that all figures quoted exclude the cash contribution from the founders of the Company to Playtech employees and Employees stock option expenses to the amount of \$6.8 million.

As at 30 June 2006, the Group's revenues were generated by 42 licensees operating 137 game sites. Revenues have increased from the same period last year by 139% to \$46.2 million (2005 - \$19.3 million) which was due to the combined growth of both the Casino and Poker products. Casino revenues increased by 129% to \$40.4 million (2005 - \$17.6 million) and Poker revenues increased by 851% to \$4.8 million (2005 - \$0.5 million).

Adjusted operating profit* increased from the same period last year by 166% to \$36.5 million (2005 - \$13.7 million), resulting in a margin of 79% compared to 71% in H1 2005. Adjusted net profit* increased by 172% to \$37.3 million (2005 - \$13.7 million), resulting in a margin of 81% compared to 71% in H1 2005. Adjusted basic EPS* increased by 157% to 18 cents (2005 - 7 cents).

Total cost of operations increased from the same period last year by 73% to \$9.7 million (2005 - \$5.6 million).

Operating expenses increased from the same period last year by 51% to \$3.2 million (2005 - \$2.1 million). Salaries contributed 52% to this increase, reflecting the number of employees joining the Group in order to support the growing operating activities.

Sales and Marketing expenses increased by 37% to \$3.7 million (2005 - \$2.7 million) mainly as a result of salary increases attributable to the recruitment of new 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.

*excluding founders cash contribution and employee stock option expenses of \$6.8 million

Development costs decreased from the same period last year by 18% to \$0.4 million (2005 – \$0.5 million), as attributable costs to the development of the Group's Videobet, Mobile and Mahjong products were capitalized this year. In the first half of the year additional development costs capitalized under these activities amounted to \$1.0 million (2005 - \$0 million).

The increase in General and Administrative expenses to \$2.5 million before the founders' cash contribution to employees (2005 – \$0.4 million), is mainly due to expenses associated with the Company's listing on AIM and a provision for bonuses. These bonuses have not yet been allocated and, therefore, have been recorded as General and Administrative expenses.

In accordance with generally accepted accounting principles, the founders' 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 directly to employees, there is no cash impact on the Group. Employee stock option expenses in H1 2006 amounted to \$0.2 million (2005 - \$0 million).

The only company within the Playtech Group that has taxable income is the Israeli subsidiary. Following an agreement signed with the Israeli Tax Authorities during H1 2006, this subsidiary paid \$0.2 million in back taxes. Under the terms of the agreement the Israeli subsidiary will pay taxes on a cost plus basis going forward.

The Group generated \$39.1 million of cash over the period from operating activities (2005 – \$13.4 million). The Group cash usage in investing activities was \$2.5 million (2005 – \$0.3 million), which mainly accounted for development costs capitalized due to the Videobet, Mobile and Mahjong products. The Group's financing activities generated \$35.0 million from net IPO proceeds, less the dividend payment to shareholders prior to the IPO (2005 – usage of \$10.2 million).

The Cash balance of the Company, as at 30 June 2006, amounted to \$89.6 million. Cash was generated mainly from the net IPO proceeds and from operating activities and profit. Financing Income is the result of the interest yield on the Company cash deposits.

On 23 August 2006, the Board declared an interim dividend of \$18.5 million equating to 8.7 cents per share. The dividend will be paid on 6 October 2006 to those Shareholders and Depository Interest holders on the record as at 8 September 2006. The ex-dividend date will be 6 September 2006. Shareholders and Depository Interest holders may elect to receive the equivalent dividend amount in pounds sterling.

CONSOLIDATED BALANCE SHEET

U.S Dollars in thousands

	<u>30 June</u> <u>2006</u> <u>(Unaudited)</u>	<u>30 June</u> <u>2005</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2005</u> <u>(Audited)</u>
NON-CURRENT ASSETS			
Intangible assets	2,778	357	1,388
Fixed assets	1,460	695	934
Other receivables	108	-	60
	<u>4,346</u>	<u>1,052</u>	<u>2,382</u>
CURRENT ASSETS			
Cash and cash equivalents	89,587	14,226	17,995
Trade receivables	5,769	5,458	4,189
Related parties and shareholders	-	522	-
Loan to shareholders	-	23,828	-
Other accounts receivables	683	236	337
	<u>96,039</u>	<u>44,270</u>	<u>22,521</u>
TOTAL ASSETS	<u>100,385</u>	<u>45,322</u>	<u>24,903</u>
SHAREHOLDERS' EQUITY			
Share capital	-	10	10
Additional paid in capital	55,637	100	100
Employees stock option reserve	252	-	22
Accumulated profit	36,308	39,273	19,587
	<u>92,197</u>	<u>39,383</u>	<u>19,719</u>
NON-CURRENT LIABILITIES	<u>24</u>	<u>8</u>	<u>82</u>
CURRENT LIABILITIES			
Trade payables	4,239	4,576	2,987
Related parties	413	339	918
Other accounts payables	3,512	1,016	1,197
	<u>8,164</u>	<u>5,931</u>	<u>5,102</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>100,385</u>	<u>45,322</u>	<u>24,903</u>

CONSOLIDATED INCOME STATEMENT

U.S Dollars in thousands

	For the six months ended		For the year ended																
	30 June	30 June	31 December																
	2006 (Unaudited)	2005 (Unaudited)	2005 (Audited)																
Revenues	46,178	19,300	47,596																
Operating expenses	(3,237)	(2,105)	(4,676)																
Sales & Marketing expenses	(3,746)	(2,690)	(5,421)																
Development costs	(395)	(456)	(1,021)																
General & Administrative expenses	(9,132)	(357)	(931)																
	(16,510)	(5,608)	(12,049)																
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Operating profit before charges related to founders' cash contributions to employees and Employees stock option plan expenses</td> <td style="text-align: right; width: 15%;">36,464</td> <td style="text-align: right; width: 15%;">13,692</td> <td style="text-align: right; width: 10%;">35,569</td> </tr> <tr> <td>Charges related to founders' cash contributions to employees (see Note 4)</td> <td style="text-align: right;">(6,566)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Employees stock option plan expenses</td> <td style="text-align: right;">(230)</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(22)</td> </tr> <tr> <td>Total benefit charges</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(6,796)</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">-</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(22)</td> </tr> </table>				Operating profit before charges related to founders' cash contributions to employees and Employees stock option plan expenses	36,464	13,692	35,569	Charges related to founders' cash contributions to employees (see Note 4)	(6,566)	-	-	Employees stock option plan expenses	(230)	-	(22)	Total benefit charges	(6,796)	-	(22)
Operating profit before charges related to founders' cash contributions to employees and Employees stock option plan expenses	36,464	13,692	35,569																
Charges related to founders' cash contributions to employees (see Note 4)	(6,566)	-	-																
Employees stock option plan expenses	(230)	-	(22)																
Total benefit charges	(6,796)	-	(22)																
Operating profit	29,668	13,692	35,547																
Financing income	1,076	10	149																
Income before taxation	30,744	13,702	35,696																
Tax expenses	(254)	(12)	(22)																
Income from continued activity	30,490	13,690	35,674																
Loss on disposal of subsidiary	-	-	(5)																
Net income	30,490	13,690	35,669																
Earnings per share (in Cents)																			
Basic	15	7	18																
Diluted	14	7	18																

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

U.S Dollars in thousands

	<u>Share capital</u>	<u>Additional Paid in Capital</u>	<u>Employee stock options reserve</u>	<u>Accumulated profit</u>	<u>Total</u>
FOR THE SIX MONTHS ENDED 30 JUNE, 2006					
Balance at 1 January 2006	10	100	22	19,587	19,719
Changes in equity for the period					
Net income	-	-	-	30,490	30,490
Total recognized income and expense for the period	-	-	-	30,490	30,490
Dividend paid	-	-	-	(21,000)	(21,000)
Initial Public Offering proceeds	-	59,862	-	-	59,862
Share issue costs	-	(4,335)	-	665	(3,670)
Cancellation of issued shares	(10)	10	-	-	-
Founders' cash contribution to employees (see Note 4)	-	-	-	6,566	6,566
Employees stock option reserve	-	-	230	-	230
Balance at 30 June 2006	<u>-</u>	<u>55,637</u>	<u>252</u>	<u>36,308</u>	<u>92,197</u>
FOR THE SIX MONTHS ENDED 30 JUNE 2005					
Balance at 1 January 2005	10	100	-	25,583	25,693
Net income	-	-	-	13,690	13,690
Balance at 30 June 2005	<u>10</u>	<u>100</u>	<u>-</u>	<u>39,273</u>	<u>39,383</u>
FOR THE YEAR ENDED 31 DECEMBER, 2005					
Balance at 1 January 2005	10	100	-	25,583	25,693
Changes in equity for the period					
Net income	-	-	-	35,669	35,669
Total recognized income and expense for the period	-	-	-	35,669	35,669
Dividend paid	-	-	-	(41,000)	(41,000)
Share issue costs	-	-	-	(665)	(665)
Employees stock option reserve	-	-	22	-	22
Balance at 31 December 2005	<u>10</u>	<u>100</u>	<u>22</u>	<u>19,587</u>	<u>19,719</u>

CONSOLIDATED CASH FLOW STATEMENT

U.S Dollars in thousands

	For the six months ended		For the year ended
	30 June	30 June	31 December
	2006	2005	2005
	(Unaudited)	(Unaudited)	(Audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	30,490	13,690	35,674
Adjustments to reconcile Net income to Net cash provided by operating activities (see below)	8,652	(256)	(436)
Net cash provided by operating activities	<u>39,142</u>	<u>13,434</u>	<u>35,238</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflow from disposal	-	-	(5)
Cash inflow from acquisition	-	-	51
Long term deposits	(117)	-	-
Acquisition of fixed assets	(768)	(335)	(696)
Acquisition of intangible assets	(645)	-	(12)
Capitalized development costs	(1,007)	-	(356)
Net cash used in investing activities	<u>(2,537)</u>	<u>(335)</u>	<u>(1,018)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan to shareholders	-	(11,000)	(15,087)
Related parties and shareholders	(205)	829	1,094
Security deposits	-	-	25
Dividend paid	(21,000)	-	(12,890)
Share issue costs	(3,670)	-	(665)
Initial Public Offering proceeds	59,862	-	-
Net cash provided by (used in) financing activities	<u>34,987</u>	<u>(10,171)</u>	<u>(27,523)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	71,592	2,928	6,697
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,995	11,298	11,298
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>89,587</u>	<u>14,226</u>	<u>17,995</u>
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
<u>Income and expenses not affecting operating cash flows:</u>			
Depreciation	241	126	313
Amortization	262	56	122
Employees stock option plan expenses	230	-	22
Founders' cash contribution to employees	6,566	-	-
Others	11	(2)	7
Changes in operating assets and liabilities:			
Increase in trade receivables	(1,580)	(2,891)	(2,341)
Decrease/(increase) in related parties	(301)	-	7
Increase in other receivables	(345)	(70)	(173)
Increase in trade payables	1,253	2,186	1,287
Increase in other payables	2,315	339	320
	<u>8,652</u>	<u>(256)</u>	<u>(436)</u>

NONCASH TRANSACTIONS

Loan to shareholders satisfied by dividend

Dividend

For the six months ended		For the year ended
30 June 2006	30 June 2005	31 December 2005
(Unaudited)	(Unaudited)	(Audited)
-	-	27,905
-	-	(27,905)

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.
- B.** The condensed interim consolidated financial information include the accounts of the Company and all its subsidiaries which together are referred to as the “Group”.
- C.** The condensed interim financial information as at 30 June 2006, and 2005 and the six months then ended, respectively, have been reviewed by the Group’s external auditors.
- D.** The financial information are expressed in United States Dollars in thousands.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards, including International Accounting Standard (“IAS”) and interpretations (collectively IFRS) adopted by the International Accounting Standards Board (“IASB”) and endorsed for use by companies listed on an EU regulated market.

These results have been prepared on the basis of accounting policies expected to be adopted in the Group’s full financial statements for the year ended 31 December 2006 which are not expected to be significantly different to those set out in Note 2 to the Group’s audited financial statements for the year ended 31 December 2005.

The financial information is presented in U.S. dollars because that is the currency the Group primarily operates in.

The financial statements for the year ended 31 December 2005, which were prepared under IFRS received an unqualified audit report. These financial statements are also available from the Company’s website.

The financial information for the periods ended 30 June 2005 and 30 June 2006 contained in this interim announcement is unaudited.

NOTE 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:

	For the six months ended		For the year ended
	30 June 2006 (Unaudited)	30 June 2005 (Unaudited)	31 December 2005 (Audited)
Net income	<u>30,490</u>	<u>13,690</u>	<u>35,669</u>
<i>Denominator – basic</i>			
Weighted average number of equity shares	<u>206,924,493</u>	<u>200,000,000</u>	<u>200,000,000</u>
	Number	Number	Number
<i>Denominator - diluted</i>			
Weighted average number of equity shares	206,924,493	200,000,000	200,000,000
Weighted average number of option shares	<u>7,747,512</u>	<u>-</u>	<u>510,542</u>
Weighted average number of shares	<u>214,672,005</u>	<u>200,000,000</u>	<u>200,510,542</u>

NOTE 4 – FOUNDERS’ CASH CONTRIBUTION TO EMPLOYEES

In June 2006, following the IPO, the founders of the Company have allocated \$6,566 thousand, of their own personal funds, into a trust fund to the benefit of the Company’s employees. The Company accounted for this cash contribution as capital contribution.

Earnings per share before founders’ cash contribution to employees (in Cents):

	For the six months ended		For the year ended
	30 June 2006 (Unaudited)	30 June 2005 (Unaudited)	31 December 2005 (Audited)
Basic	18	7	18
Diluted	17	7	18
Net income before founders’ cash contribution to employees	<u>37,056</u>	<u>13,690</u>	<u>35,669</u>
<i>Denominator - basic</i>			
Weighted average number of equity shares	<u>206,924,493</u>	<u>200,000,000</u>	<u>200,000,000</u>
	Number	Number	Number
<i>Denominator - diluted</i>			
Weighted average number of equity shares	206,924,493	200,000,000	200,000,000
Weighted average number of option shares	<u>7,747,512</u>	-	<u>510,542</u>
Weighted average number of shares	<u>214,672,005</u>	<u>200,000,000</u>	<u>200,510,542</u>

NOTE 5 – SHAREHOLDERS EQUITY

A. Share capital

	<u>30 June</u>	<u>30 June</u>	<u>31</u> <u>December</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
Authorized	N/A(*)	200,000,000	200,000,000
Issued and fully paid	213,333,333	200,000,000	200,000,000

On 24 February 2006, the Company repurchased all of its 1,000,000 outstanding ordinary issued shares of \$0.01 par value and cancelled them. The existing shareholders then subscribed for and were issued and allotted by the Company, 200,000,000 ordinary shares of no par value for an aggregate subscription amount of \$10 thousands.

(*) Following the IPO, which gave rise to additional paid in capital of \$55,527 thousand after issue costs, the Company has no authorized share capital but is authorized under its memorandum and article of association to issue up to 1,000,000,000 shares of no par value.

B. Distribution of Dividend

In March 2006, immediately prior to the IPO, the Company distributed \$21,000 thousand as dividend to its existing shareholders.